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DICTATORSHIP IN CHINA

The struggle on the political and legal front in China was described by the People's Daily as the most acute and intense part of the class struggle. It was in political and legal institutions that the fundamental interests of the opposing classes and the inter-relations between them were most remarkably reflected. "We know that before the disappearance of the State, any class which assumed government power must rely on armed forces, the police, law courts and prisons for maintaining that power," but of course the Communist Party's law courts and procuratorate, public security and judicial departments now form an important part of the Government machinery of the democratic dictatorship. These departments, said the Party organ, must be put in the hands of "resolute revolutionary cadres who are loyal to the interests of the working people and must maintain their purity." But it seems that there are many bourgeois rightists hidden in these vital organs of the State power, and they "use their positions as bases from which to launch assaults on the proletariat."

Here it seems necessary to interpolate the observation that in all the outpourings of criticism during the one month's ration of freedom last spring in China, not one single speech, wall-paper or other medium was directed against the working class as it is properly understood. There are often such attacks in, for example, the United Kingdom, where excessive wage demands and frequent unofficial strikes have incurred the resentment and evoked the sharp criticism of other classes who still manage to exist there. But not one such attack on this or any similar matter involving the real working-class in China, as distinct from the professional party and state functionaries can be recorded. Actually, of course, they are hostile to the Communists, and though they have none of the leading positions, from which the Party dictatorship ejected them,

"they are disposed in great depth and width in the administrative and judicial organs." In this case the weakness of seizing power by armed force (which is what happened in China) was doubled by the lack of talented and experienced personnel among the Communists, with the result that many of the old officials had to be retained. Indeed some of the Party's own administrative and judicial personnel were inclined towards rightist thinking to a serious degree. They completely ignored the class struggle, thinking that the struggle had already ceased. Some of them even disseminate the rightist view that "law has no class distinction." They have not seriously studied Marxism and the policies of the Party and are unable to see the distinction between the socialist and capitalist legal system. Ideologically and politically they are unable to keep the proletarian (i.e. professional Communist) stand.

"Unless all these people are dealt with it will not be possible to wage the anti-rightist struggle on the political and legal front," said the People's Daily. "Their true character could be seen from the open plea that democratic principles should apply also to counter-revolutionaries." The rightists alleged that China still had no law because the laws they wanted were entirely different. China's "legal system" was a socialist legal system "which is possible only under the leadership of the proletariat and its vanguard the Communist Party. No matter how the rightists attack the leadership of the CCP, or how much they want the CCP to "step down from power" so that they may take over, the people would certainly not let them do so again. The rightists had also put forward such slogans as "Independence of the Judiciary" and "independence of judgment" in an attempt to "put the judicial system in an opposite position to the democratic dictatorship." They held it to be a violation of the

Constitution to prevent the judicature from becoming independent.

At a series of conferences on political and legal work in the capital and in the provinces and municipalities, two tendencies were revealed and severely criticised, namely, tendencies to neglect dictatorship and to neglect the leadership of the Communist Party. The linking by the Communists of political with legal work is significant, and deliberate. They are traditionally separate and independent of each other, in practically all civilised countries not dominated by a totalitarian dictatorship and secret, all-powerful police. The Peking authorities naturally regarded these two tendencies as very serious. The Communists have little patience for or regard to law or the rights of the citizen or even of the Constitution when they deal with opponents. Indeed they have themselves suffered tremendously from the system, as the vast list of Stalin's victims and the dreaded names of Krilenko, Dzerjinsky, and the Georgians who headed the Security system show.

But we learn nothing from the past except that we do in fact learn nothing from it, and the tentative efforts to "civilise" the Soviet State and its Chinese copy by systems of legal codes and protection are likely now to make even less progress than in the past, until real Parliamentary and Constitutional rule is substituted for the Party Dictatorship. The Communists admit frankly that they cannot knock out their opponents and demolish opposition if they have to rely on individual rights and legal codes. "If these two serious tendencies are not overcome," says the People's Daily, "it will be impossible not only forcefully to carry out the anti-Rightist struggle, but also correctly to fulfil the revolutionary tasks on the political and legal front. These two tendencies have now become so universal and serious that it had become necessary to mobilise political and legal workers at all levels in an effort to direct it to the correct path. A number of comrades of the political and legal organs have forgotten that political and legal organisations are weapons for enforcing the people's democratic dictatorship."

The Communists allege that their critics had betrayed themselves by limiting their concern to the "counter-revolutionaries" who had been improperly judged. They seemed unconcerned about those who had been let off too lightly. And the Party organ accused them of implying that illegality only exists in those cases where punishments were imposed too severely. Both in judicial work and in procuratorial work, it was asserted, these tendencies had been shown in the imposition of punishment that was much too light and in the failure to arrest persons who ought to have been arrested. Even in the field of public security work, the practice of surveillance was relaxed in such a way that it was not carried out strictly and in some cases unduly lifted! The People's Daily made it clear that this inefficiency had to be cleared up. It talks about this universal system of espionage each upon the other, even down

to members of the family as if this is natural, inevitable and even virtuous. In fact it is the most execrable feature of the Communist system and is bound in the end to produce either a mighty counter-revolution or a far more serious series of disorders than occurred in China and certain Communist States within the past year or so.

It is also admitted that the people don't want Communism or Socialism, but that the Communist Party are determined to impose it on them willy-nilly, and that to do this the Party dictatorship is indispensable. Only by strengthening the leadership of the CCP could the regime be sure that the weapon of the dictatorship will strike effectively. "The leadership of the CCP lies not merely in the leadership of the CCP Central Committee, but also in the leadership of the local CCP committees"—which everybody with the courage of his convictions wanted to get rid of, as the period of all-too brief freedom made manifest. Comrades who talked about Party leadership in political and legal work as "indiscriminate interference by the Party" were wholly wrong. Was not the CCP the "highest class organisation?" Political and legal organs were merely the vital organs of proletarian dictatorship.

The spokesmen for the Party dictatorship complain bitterly that some political and legal officials are deeply influenced by the legal thought of the bourgeoisie, emphasise the "independence of justice" and are covert Rightists in the political and legal establishments. For a time it will be possible to tighten up Party control and check this tendency. But to overcome it in the end will prove impossible. Men have fought and suffered for thousands of years to liberate themselves from the tyranny of despots, who remain despots whether they are Marxists or Mamelukes, Commissars or Emperors. China has a long history. It needs reading—especially the period of the First Empire. Nine-tenths of the petty tyranny, surveillance and ignominious provisions of the party dictatorship and the security police are totally unnecessary, save and save only for the maintenance of an arbitrary power. And it is perfectly childish to assert that without this merciless power over the individual nothing whatever can be done. It was necessary neither in England nor in the United States, where all that China or the Soviet Union can ever hope to accomplish was long since achieved. The conflict is not for the future industrial State—everybody is for it. It is over the deep conflict between the mania for power of which Djilas has written so forcefully and the deep and abiding liberties of the mind and soul of the people.

Even Communist veterans themselves revolted against the system. During the "exposures" of six important persons in the rectification proceedings of the Propaganda Department of the CCP, it was revealed that these critics had described the Party as comprising "oppressive upper levels and sycophantic lower levels," who were "quick in dividing spoils but slow in sharing pains." They were accused of "disregarding the sufferings of the people," of

CHINESE SCIENTISTS AND MARXISM

Something like a thousand minor dictators are being sent by the Party Central Committee in Peking to educational and cultural institutions to lay down the law anew and see that it is carried out. At one time it looked as though the Party Committees were completely powerless in face of the blossoming and contending. Most of them indeed preferred to swim with rather than against the tide, often because they felt that way. Before the new Party emissaries left they were given a briefing by that strange and somewhat mysterious member of the Party hierarchy Kang Sheng. At the same time a new set of regulations was promulgated which "assured the loyalty and efficiency of Government workers." The regulations were said to be consistent with Clause XVIII of the Chinese Constitution, which stipulates that "all Government workers must be loyal to the people's democratic system, observe the letter of the Constitution and the laws of the land, and serve in the interests of the people." The meritorious will be rewarded and those found guilty of negligence of other offences will be punished.

These decisions are doubtless part of what the Peking leaders have described as the third stage of the rectification campaign, devoted to "concentration of improvements of work." The first two stages—an open expression of opinion and the counter-attack on the "rightists"—for the most part have been carried out. The People's Daily said that about 60 per cent of all departments and offices of the Central Government organisations have entered on the stage of improving their work on the basis of victory over the rightists. The fourth stage is to raise the ideological and political levels by the study of documents, criticism, self-criticism, and by careful reflection.

A new codification of minor and petty offences has also been issued by the State Council legal experts which is expected to go a long way towards preventing the misuse of the extensive powers enjoyed by the police and security forces, who have been virtually a law unto themselves. The new regulations, according to Minister Lo in charge of security and policy, will deal with offences which fall below the penal law but above what should normally be sanctioned by education and criticism.

behaving like "a feudal exploiter bloc protecting selfish interests," and of drawing ever nearer to the feudal class system. The old cadres were described as selfish, dishonest, tyrannical, and stupid, and the Party so full of "the foul smell of feudal morality" that the father lied for the son and the son lied for the father. One of them compared Peking to the corrupt and decadent "high society of St. Petersburg" in the Tsarist times. Many of these terms are exaggerated and the spirit behind them far from detached. But the fact remains that many people, even in the Party itself, do think like this and that there is a rising passion for freedom throughout the Communist bloc, which must in the end be satisfied in evolutionary ways—such as the real application of the Constitutions and the sovereignty of the people through elected Congresses or Parliaments—or find a way out after the traditional manner of the past.

It was explained in the People's Daily that the original aim of the rectification campaign was to raise the ideological and political level and improve the working style of Party members and Government workers by combating bureaucracy, sectarianism and subjectivism, so as to meet the needs of socialist transformation and construction. "The bourgeois rightists seized on the initial stage of full and frank outpouring of views as an opportunity for launching a desperate attack on the Party and the people. They wanted to do away with the leadership of the CCP and overthrow the Socialist system." The rectification campaign has therefore been compelled to proceed to a second stage in which the main task was the counter-attack against the rightists. In the third stage the call to the leading personnel is to be courageous, determined, and thorough in their efforts to improve their work. To achieve better work it is necessary to mobilise the people to expose the many shortcomings and errors and then to study methods of improving work. "There is considerable evidence of a higher socialist consciousness among the masses as a result of the struggle against the rightists," claimed the Peking mouthpiece. Students, members of the faculty and other members of the staff of Futan University in Shanghai—where the criticism of the regime was particularly severe and almost universal—"have posted up nearly 10,000 wall newspapers in recent weeks, held more than 1,000 discussion meetings and developed vigorous debates on all the questions raised."

The third stage, it is explained, is "essentially different from the second" and is intended to solve contradictions within the ranks of the people. All those in leading positions are required to exercise the utmost determination in applying the guiding principle of relying on the masses for the improvement of work. Leading members of the staff should see the importance of the wall newspapers. Even criticisms that are incorrect should be welcomed—so long as they are well intentioned. This is because even incorrect opinions are informative for the leadership. The masses have raised many extremely complex questions and suggested methods for their solution in many cases. These questions "cannot possibly be solved promptly and satisfactorily by relying only on the knowledge and ability of the leading people." The mass line should be applied fully and the wrong tendency of settling these questions irresponsibly or making changes without due consideration must be prevented.

About 15,000 specially trained political lecturers have been sent to various schools to propagate the Marxist theories. They come from the Party training centres at which some 380,000 Party cadres have been trained since 1949, and from the special new Party schools. Mao Tse-tung's treatise on the "Correct Handling of Contradictions" was among the subjects of instruction.

At the same time the authorities came down with a heavy hand on entrepreneurs who had expanded the handicraft and free manufacturing enterprises and operated on the open market. In Canton sweeping raids were carried out on the socalled "self-sponsored factories" set up in defiance of socialisation, whose competition was doing "irreparable harm to State economy."

Despite the injunction from above to keep on contending, there is now a dead silence broken only by the noise as selected sycophants bang their heads in the intellectual kowtou to the reinvigorated powers that be. And with that ham-handedness which is typical of the Communists at cer-

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PAPER MONEY IN MODERN CHINA (1900-1956)

NOTE-ISSUING FOREIGN BANKS IN CHINA

By E. KANN

PART XXIV

(251) JAPANESE MILITARY YEN NOTES IN CHINA

A currency of considerable importance circulating in Central China and South China after 1938 was the Japanese Military Yen. When Japanese infantry and naval forces landed and operated in Central China during the latter half of 1937, they placed large sums of yen notes, emanating from the Bank of Japan, into circulation by disbursing such notes for military requirements. At that time the yen notes circulated approximately at par with the Chinese fa-pi dollar. When the exchange value of the latter was considerably depreciated in the beginning of 1938, the value of the Bank of Japan yen within occupied China fell likewise.

This movement was responsible for a widening disparity between the value of the Bank of Japan (Nippon Ginko) yen in Japan and in China, and a large and illicit outflow of such yen from China to Japan developed. With the expansion of the areas in China occupied by Japanese forces a larger yen circulation was needed, a factor which necessitated drastic steps to prevent adverse effects on the domestic and world position of yen currency.

The development of military yen out of the aforementioned beginnings was well sketched in the "U.S. Foreign Commerce Weekly" and reproduced in the weekly "Far Eastern Review" (Shanghai) of September, 1941. The description is here reproduced verbatim:

"Consequently, during 1938 the Japanese authorities undertook to withdraw Bank of Japan yen from circulation in China, and to substitute in their stead large, but undisclosed, quantities of military scrip, or yen notes, through the Yokohama Specie Bank and other Japanese banks functioning in Central and South China. These notes were chiefly of 1-yen denomination, were convertible to foreign exchange, with their value in Chinese currency varying widely from time to time and from place to place, and were labeled so as to indicate that their circulation in Japan, proper, and other integral parts of the Empire was not to be permitted.

Late in 1938, Japanese banks in China were prohibited from handing out Bank of Japan yen, except to travellers to Japan or Manchuria; holders of Bank of Japan yen were required to exchange such notes for military scrip notes; and the permission of the Japanese Financial Attaché at Shanghai was required before Japanese banks in China were permitted even to receive Bank of Japan yen.

Accurate information as to the volume of military scrip yen in circulation is not available; but in August, 1939, one observer reported a circulation of 200,000,000 scrip yen as a conservative guess. Chinese bankers at the end of 1940 estimated the military scrip yen-issue at not less than 500,000,000 yen, of which 350,000,000 yen were said to be in use in Shanghai and Central China, 80,000,000 yen in western Central China (Hankow), and 70,000,000 yen in South China (Canton). The Chinese Maritime Customs estimated military scrip yen circulation at the end of June 1940 as yen 100,301,195, and added that "by November a total military yen 125,000,000 was estimated to be in circulation in Central China, with perhaps another military yen 50,000,000 in South China (though another authority put the total emission at some military yen 600,000,000 by the end of June").

Some observers consider that the appreciation visible in the value of the military scrip yen in recent months has

been quite as important as the total volume in circulation. Whereas in August, 1940, 100 military yen could be exchanged for \$142.85 in fa-pi, in January, 1941, the same number of yen would purchase \$170 in fa-pi, and as of June 20, 1941, \$222.97 in fa-pi. Credit for this appreciation has been given by the Japanese army to its trade-control measures, such as the establishment of so-called "sales councils", organized to monopolize trade in many commodity groups, and the enforced use of military yen in paying for all Japanese and yen-bloc imports.

The system of enforced use of military yen throughout occupied Central and South China has made it necessary for Chinese merchants to open military yen accounts, or to obtain sufficient military yen to settle their trade bills, and has induced Chinese speculators to invest in such yen in anticipation of their appreciation in value. This increased use of military yen has in itself contributed substantially in their enhancement in value."

As a consequence of the rapid growth of the Japanese population in Central China during the undeclared war, with the refusal of many Japanese department stores in China to accept Chinese fa-pi in payment of merchandise, and especially with the compulsory use of military yen notes for financing all imports into and exports from occupied China, the military scrip was destined to occupy a dominant position in Central and South China. For military precautionary reasons no disclosures have been made as to the volume of military yen circulated in China; and since this was the case, it would be idle to speculate with regard to this problem.

As already shown, at first Japanese military yen circulated in Central China at about par with the Chinese national dollar. Already in the beginning of 1938 the difference widened in favor of the Nipponese scrip. In September, 1941, the ratio between these two currencies was yen 4 equal to 10 fa-pi dollars. At that juncture endeavors were made to maintain that ratio. It was then surmised that the needs of the Japanese population in Central China, and the requirements for the purchase of certain commodities, could be met with a circulation of less than 100,000,000 yen. Increases of this sum were deemed undesirable.

There was indeed a tendency to keep the quantity of military scrip within not too wide limits. Firstly, because an early redemption of the notes was contemplated and, secondly, it was not intended to compete with the new issue of Central Reserve Bank notes, which institution had opened its doors on January 1, 1941, with the aid and under the control of the Japanese authorities. The latter were at all times aiming at assisting the circulation of fiat money emitted by the Central Reserve Bank of China. Originally, railroad and steamship tickets could only be bought with military yen notes; but gradually, this dictum was relaxed in favor of the C.R.B. dollar. Goods in Japanese shops in the occupied districts of China usually were sold against military yen only; salaries of Japanese officials and commercial assistance were paid in military yen. But from the beginning of 1943 one could notice a desire to meet the

Chinese bank authorities and to assist the circulation of the fiat money emitted by the Central Reserve Bank. So the routine was changed by suggesting, even requesting, that Japanese shops should sell merchandise half payable in military yen, and the other half in C.R.B. dollars. The same arrangement was also applied to the disbursement of salaries.

In March of 1942 a pronounced movement to oust the Chinese National \$ from all the occupied districts in Central and South China was inaugurated. The purpose of this move was to dislodge the old Chinese currency and replace it by the issues of the Central Reserve Bank of China, which was to become a member of the yen-bloc. This aim was forcibly accomplished by officially decreeing the lowering of the value of the Chinese national legal tender dollar (fapi) in terms of the new unit, the C.R.B. yuan, until the ratio between the two antagonistic currencies had reached 2 to 1. This was accomplished on May 28, 1942.

Simultaneously, a change in the ratio between the military yen and the C.R.B. yuan became essential. On April 7, 1943, one military yen was declared to be equal to C.R.B.\$5.79, which meant C.R.B.\$100 equal to yen 17.25. On May 12, 1942, another final adjustment was ordained, namely C.R.B.\$100 = 18 yen; or, expressed inversely, C.R.B.\$5.555 represented 1 military yen. In February, 1943, the highest Japanese authorities confirmed the continuance of this ratio.

By resolve of all the competent Japanese leaders it was decided and proclaimed that, beginning from April 1, 1943, the further issuance in Central and South China of military scrip would be discontinued. Though military yen notes were to endure to be convertible into C.R.B. dollars, the latter currency may no more be exchanged into military yen notes. The exchange rate between the two currencies was to be continued at the pivotal ratio of 18 military yen = 100 C.R.B. dollars. Cash withdrawals from military yen deposits were to be effected only in terms of C.R.B. currency at the official rate of exchange. In buying drafts from Japanese Banks in Shanghai, payment was permitted in either one of the two currencies, while in cashing drafts, the banks were to make payment exclusively in C.R.B. currency.

The military yen existed in denominations of yen 1, 5, 10 and 100, apart from the contemporary occurrence of fractional scrip.

Ostensibly it was with the idea of helping (puppet) China that Japan decided to cease issuing further quantities of yen military scrip and to gradually withdraw from the markets in Central and South China whatever military yen had been foisted upon the public there. It is not easy to pinpoint the true motifs of such kindness, but there is no doubt that it was Japan's aim to first suit her own purposes. The new move was to take effect on April 1, 1943. Possibly at that juncture Japan's fortunes in the war had begun to ebb somewhat; and so she was attempting to get out of entanglements while the going still was good.

On March 24, 1943, suspension of further emission of Nipponese military scrip was officially announced in a joint statement issued by General Shunroku Hata (Commander-in-chief of the Japanese Expeditionary forces in China), Admiral Zengo Yoshida (Commander-in-chief of the Japanese China Seas Fleet), and Mr. Mamoru Shigemitsu (Japanese ambassador in China).*

* Shigemitsu was one of the signatories of the unconditional surrender by Japan in August, 1945. Shortly thereafter he was imprisoned for about eight years as war criminal. Upon his release from jail he was made Minister of Foreign Affairs. He died in Japan in January, 1957.

However, it was revealed that, despite the suspension of issue, Japanese military yen will continue to circulate in the market, while debts and credits based on this currency would be maintained temporarily. The statement further said that no measures will be inaugurated at that juncture to withdraw military yen from circulation, or to re-value the rate pertaining to the Central Reserve Bank notes, as well as current debts and credits based on military notes.

The following is the text of the official announcement:

"As of April 1 military scrip will not be issued by the Japanese authorities. Payment for deposits, advances, and remittances at banks will not be made as a rule in military scrip. Central Reserve Bank notes will be used in all those cases.

Up to the present the military scrip has been in circulation based on mutual confidence between the National Government of China and the Japanese Government. In May, 1942, the exchange rate was fixed at C.R.B. 100 against MY. 18. Since then the military scrip and the Central Reserve Bank notes have been in joint circulation with their exchange rate securely stabilized.

Currency operations by the Central Reserve Bank thereby have been greatly facilitated up to the present time with the close co-operation of the Japanese authorities. Now with the suspension of further issues of military scrip, currency control operations by the Central Reserve Bank have been completed.

The political influences of the National Government will henceforth be greatly enhanced and its economic activities thereby will be tremendously accelerated.

Even after the suspension of issue of military scrip, its circulation in the market, as well as debts and credits based on military scrip, will be maintained for the time being. No immediate steps will be taken to re-collect or withdraw military scrip from circulation, nor will the existing debts and credits based on military scrip be revalued on the C.R.B. rate.

A smooth gradual transition from military scrip economic mechanism to a C.R.B. economic mechanism is the object of the Japanese authorities. After the suspension of the issue of the military scrip the exchange rate between the Japanese yen and the C.R.B. notes will be fixed at C.R.B. 100 against MY. 18.

Both the Japanese and the Chinese Government authorities will closely co-operate in order to maintain this rate. The value of the C.R.B. notes will thereby be securely stabilized and the exchange of capital funds and liquidation remittances and accounts between Japan and China will be assisted greatly. A tremendous contribution has been given to the economic expansion of the two nations in the future."

The foregoing proclamation, apart from being stylistically primitive, leaves much to be desired in regard to clarity. The same degree of secrecy as to the volume of military yen spread by the conquerors in China (Central and South China) was observed when foreshadowing the withdrawal of the military scrip. Seemingly the latter was gradually replaced by C.R.B. paper in surreptitious 'interbank' transactions. And the result in the end must have been the complete devaluation of C.R.B. fiat money left in the hands of the mourning populace.

The stoppage of issuing and using military scrip did not refer to Hongkong (then under Japanese occupation). There that shifty currency remained unalterably in force until the end came.

In order to lend more emphasis to the change, Greater East Asiatic Affairs Minister Kazuo Aoki, as well as the Minister of Finance, both from Tokyo, added their favorable comment to the simultaneous proclamation of the highest Japanese officials then stationed in Nanking. The Minister

of Finance stressed the point that the suspension of further emissions of military scrip aimed at the unification of Chinese currency. His statement reads as follows:

"The National Government of China, since the establishment of the Central Reserve Bank of China in January, 1941, has made unsparing efforts for the strengthening of the Chinese bank and for the expansion of the circulation of its notes.

Japan on her side has extended wholehearted co-operation. With the increasing stability of the position of the Central Reserve Bank in China, Japan has decided to further co-operate by suspending new issuance of the military scrip in Central and South China as from April 1 (1943).

By this step payment of government expenditures, bank deposits and bank loans, as well as exchanges, will not be made in military notes in principle, but in the notes of the Central Reserve Bank of China. However, even after the suspension of new issuance of military scrip, steps will not be taken for the calling in of the circulating military scrip, or for the conversion of contracts in military scrip into C.R.B. notes.

Thus the circulation of military scrip, as well as the continuance of credits and debits in military scrip will be recognized in order to contribute to the smooth transfer of the currency system of China to the use of C.R.B. notes.

In connection with the various capitals demanded by different circles, the supply of such capital will be made smoothly through the co-operation of Chinese authorities, so that no inconvenience may be caused through the suspension of the issuance of military scrips.

The exchange rate of the military scrip against C.R.B. notes is fixed at yen 18 against C.R.B.\$100. The method of using special exchange rates by commodity classification for import and exchanges from Central and South China, which had been inaugurated in order to adjust price and differences of quotations, will be discontinued on this occasion. Instead, efforts will be made to smooth import operations through the proper manipulation of trade and adjustment of special accounts."[†]

The Yokohama Specie Bank, Shanghai, made it clear that from April 1, 1943, C.R.B. notes would not be exchanged for Japanese military scrip. It was added that no commission would be charged for exchanging military scrip for C.R.B. notes and concerning military scrip accounts into C.R.B. note accounts. But, C.R.B. notes and checks drawn in C.R.B.\$ would not be accepted for conversion into military yen or such deposit accounts. The other Japanese banks in China followed suit.

[†] Vide "Shanghai Times" of March 25, 1943.

(To be Continued)

THE NON-CELLULOSIC SYNTHETIC FIBER INDUSTRY IN JAPAN

Japan's output of non-cellulosic synthetic fiber last year amounted to 68,500,000 lbs, a sharp rise of 83 percent over the previous year. This accounted for 9.3 percent of the world's total output, or the second largest in world production after the United States which turned out 400,300,000 lbs. Britain ranked third with 53,900,000 lbs.

Primarily, the textile industry holds a very high position in Japanese industry. Even at present when the position has lowered relatively because of postwar development of heavy and chemical industries which strengthened the industrial structure, the textile industry still ranks in importance with the manufacture of foods, metals, metallic goods and chemicals, as easily seen from the large number of textile firms and their employees, the big amount of shipments and their values and exports.

But the natural fiber industry which has constituted the pivot of the textile industry, faces such crucial problems that heavy imports of raw materials including cotton and wool would entail aggravation of international payments and that the recent industrial development in less-advanced nations would not admit Japan to expect a large-scale boost in her future exports of textile products. As regards the rayon industry in which Japan ranks second after the United States in the world, it is doubtful whether this country can keep increasing rayon goods exports, holding its ground in competition with foreign countries. Japanese exports of rayon staple yarns and fabrics hitherto have shown a favorable trend. However, with a steady development of cotton spinning and weaving industries in the countries importing Japanese textiles, such nations recently have shown signs of laying emphasis on the import of less-processed items of staples and filaments which have put Japan in unfavorable competition for their exports. Such being the case, the development of non-cellulosic man-made fiber industry can be said a matter of great significance for Japan.

Because, irrespective of whether Japan depends for raw materials on domestic resources or imports, the development of the highly-processed fiber of this sort contributes greatly toward improving international payments by saving foreign exchange for imports and earning foreign currency by exports. The non-cellulosic man-made fiber industry as an organic synthetic chemical industry also brings about the development of related industries such as, for instance, petrochemical industry and an increase in employment. Because of its excellent physical and chemical capacities, it contributes to the development of various domestic industries as a supplier of industrial material such as, for instance, fishnets.

In view, therefore, of the great significance the development of the non-cellulosic man-made industry has in the Japanese economy, the government has taken various aid measures such as exemption of taxes and investments. Cotton spinning and rayon firms also have striven with one another in launching production of the man-made fiber for development of their business. Chemical companies are planning to advance into the manufacturing of raw materials for their products.

The non-cellulosic man-made fiber, which at present has been put into production in Japan includes polyamide fiber, polyvinyl alcohol fiber, acrylic fiber, polyvinylidene chloride fiber and polyvinyl chloride fiber. Besides, polyester fiber, a new addition to the man-made fiber, has recently been produced on trial.

Below, explanations will be given on the production of each item of these man-made fibers.

Polyamide fiber

Du Pont de Nemours and Company of the United States, which succeeded in synthesizing Nylon 66 in 1934, made a

formal announcement of the development of the new product in October, 1938. In Japan, the Toyo Rayon Company, which obtained copies of patents on Nylon yarn for research of the American product, started experimental production of Nylon 6 in 1943. Though Nylon 6 did not conflict with Du Pont's patent at all, the Toyo Rayon later found it lucrative to take advantage of the Du Pont's patent. After three years' negotiations, the Toyo Rayon entered into formal agreement with Du Pont in June 1951 for the acquisition of the patent which enabled the Japanese firm to manufacture Nylon 66 in this country. But the Toyo Rayon at present has suspended production of Nylon 66 as the company found it more profitable to turn out Nylon 6 (trade name: Amilan).

Nylon production in Japan was first pushed ahead entirely by Toyo Rayon, but recently the Nippon Rayon Company also tied up with the Swiss firm of Inventa, A.G. and began constructing a new plant in February, 1955. Since October of the same year, Nippon Rayon has produced Nylon 6 (trade name: Grilon).

Thus, the Japanese nylon production has now been made exclusively by these two firms. Daily production capacity as of the end of May reached 36.9 tons in terms of filament as against 19.5 tons for staple fiber, making a total of 56.4 tons. Last year's nylon output totalled 33,806,000 lbs., accounting for 63.2 percent, or the largest proportion, of Japan's non-cellulosic man-made fiber production. As production is expected to run at a high pace continuously hereafter, daily output in April, 1960 is estimated to rise to 80 to 100 tons and annual output for fiscal 1960 to reach 64,000,000 to 80,000,000 lbs.

Polyvinyl alchol fiber (Vinylon)

Vinylon is a non-cellulosic man-made fiber peculiar to Japan, which was invented almost simultaneously by the Kyoto University and the Kanegafuchi Cotton Spinning Company in 1939. Japan is the only country to turn out this product, and the Kurashiki Rayon Company is the largest producer of this special fiber in Japan. Starting production of the fiber from polyvinyl alchol on an integrate operation basis in 1950, the company now has strengthened its capacity to manufacture daily 35 tons of the newly-developed product, called Cremona. The Dai Nippon Cotton Spinning Company which also began producing the vinylon in 1950, at present has the capacity of producing daily 10 tons of what is termed as Mewlon. Other firms, including the Nippon Gosei Sen-i (Japan Synthetic Textiles) Company, the Mitsubishi Rayon Company and the Kanegafuchi, also are researching into or producing similar fiber on trial. Full-scale production of the vinylon, however, has been made by only the two firms of Kurashiki Rayon and Dai Nippon Cotton Spinning. By and large, these companies produce chiefly staple, filament being on a stage of experiment.

Vinylon, until about 1954, grew behind because of its chemical quality difficult to dye. But, through repeated improvements of such quality later production showed a rapid growth after 1955. Total daily producing capacity of the nation's vinylon plants ran to 55.1 tons at the end of May of this year. Last year, the output of vinylon rose further to 23,635,000 lbs., or 37.2 percent of the nation's total production of non-cellulosic man-made fiber, to account for the second largest percentage after nylon. With a further growth expected for vinylon production hereafter, Japan's daily output of this product would pick up to 90 to 107 tons in April, 1960 and the annual figure for the period of April, 1960 to March, 1961 to 67,000,000—85,000,000 lbs. to eclipse nylon.

Polyvinylidene chloride fiber

The research of polyvinylidene chloride in Japan traced back to 1941. In 1949, eight years after, the Kureha

Chemical Industries Company began producing the polyvinylidene chloride and later succeeded in manufacturing from it a synthetic textile. Further in the following year, the Kureha Spinning Company launched a joint research of the resin, resulting soon in the establishment of the Kureha Kasei Company under joint investments by the two firms. The new company started operation to manufacture a new product "Kurehalon" at a plant with a daily producing capacity of five tons.

Meantime, the Asahi Chemical Industries Company began to produce similar item of the resin on trial in February, 1950. Later in January, 1952, it tied up with Dow Chemical International Company, of the United States, to create the Asahi-Dow, Ltd. The joint corporation started operation in October, 1953 with facilities capable of producing daily five tons of what is termed as "Saran" in trade name. When the polyvinylidene chloride fiber was first put into production, its main use was considered to be the production of fish nets. But production of the fiber failed to pick up contrary to original expectation because of comparatively small demands from coast fishermen who generally were not only financially shaky but their industry was plagued often by hard times. Last year, the output was no more than 5,188,000 lbs. Demand for filament, however, has shown an upward trend of late. Moreover, with great efforts made to induce more demand for staple-fiber production has begun to run at a higher pace than before.

Polyvinyl chloride fiber

The largest producer of this textile in Japan is the Teikoku Rayon Company. Starting production last October, the company currently turns out daily five tons of the fiber called "Tevilon" in trade. Besides the Teikoku Rayon, the Toyo Chemical Company produces similar item of the man-made fiber called "Envilon" with a daily production capacity of three tons. The Kureha Kasei Company also is making research into this sort of the fiber. Though it is but recently that Japan began to produce polyvinyl chloride fiber and its output still remains at a negligible figure, the nation now not only manufactures filaments but promises to see soon a development in the production of staple fibers for clothing.

Acrylic fiber

Japan began production of acrylic fiber last year. At present, the two firms of Kanekalon and Nippon Exlan Kogyo turn it out under trade names of "Kanekalon" and "Exlan", respectively. As several other firms, including the Asahi Chemical Industries, also have planned to advance into this field, Japan's acrylic fiber output, according to the industry's program, would reach 130 tons a day and 104 million lbs for the one year period of April, 1960 through March, 1961 to outdo polyamide fiber in production. There is, however, a doubt as to whether it is possible to attain these targets in the light of the raw material position. The Silk and Chemical Textile Section of the International Trade and Industry Ministry has estimated the daily output in April, 1960 at 60 tons, by far smaller than the industry's plan. Be that as it may, it can be said that above facts tell eloquently how hard these textile interests are striving to make inroads into the acrylic fiber field.

Polyester fiber

Polyester fiber, along with the above-mentioned acrylic fiber, promises to advance into the field of wool. Last year, the two firms of Teikoku and Toyo Rayon Companies launched into technical tie-up with Imperial Chemical Industries, Ltd. of Britain to produce a fiber called Tetolon

in trade name. Besides, the Teikoku Rayon and Pulp Company also is researching into methods for manufacturing a new fiber from waste pulp sap. Thus, the capacity of their producing facilities is now estimated to reach 45 to 55 tons a day in April, 1960 and the annual output 29,000,000 to 44,000,000 lbs for the period of April, 1960 through March, 1961.

The above touched on the production phase of the six items of non-cellulosic man-made fiber. Now for demand. At present, textile products are generally abundant in Japan. Rayon is no exception to this, being in a state of oversupply which has resulted in a production cut and a sharp decline in price. Only non-cellulosic man-made fiber is in so heavy demand that it has been subject to stipulated levels for quotation. Fish-nets account for a comparatively large proportion of non-cellulosic fiber products. Non-cellulosic fiber goods occupied 60 percent of the nation's total demand for fish-nets at the end of last March. Although the output in 1955 of drift-nets for salmon and trout fishing on the north sea dwindled from the previous year due to a cut in catcher-boat tonnage and a reduced fishing period, total shipments of polyamide fiber net in the year of April, 1956 to March, 1957 amounted to 5,277,000 lbs, or a rise of 10 percent from the preceding year. Vinyylon (polyvinyl alcohol fiber), which resembles cotton yarn, is used for purse seines, long lines, drift nets and gill nets, because of their easiness of knitting, handling and maintenance and of the needlessness of after-treatment. The volume of its shipments for the one year period of April, 1956 through March, 1957 was 9,853,000 lbs, representing a marked rise of 79.3 percent over the previous year. Further increase is expected hereafter. Production of polyvinylidene chloride fiber previously failed to pick up because of a big difference of prices against abaca and of a depression in coastal fishing. Recently, however, the polyvinylidene chloride fiber began to be used for production of large-sized drift-nets and purse seines by mixed twisting with other fibers. As a result, shipment for the April, 1956 to March, 1957 period rose 74.8 percent to 2,875,000 lbs over the comparable 1955-56 period. Though it is only recently that polyvinyl chloride fiber made its first appearance, it is becoming a new charm because of its cheap prices which are currently Y205 for Denier 260 per lb and Y180 for Denier 450.

In line with the push into the fish-net field, polyamide fiber filament is inducing heavy demand as stretch yarn for production of knitted goods, socks and fabrics in general. Meantime, polyamide staple is used for school uniforms by its mixed spinning with rayon, while that spun with cotton is available for manufacturing shirtings and rain coats. As regards vinyylon staple, moreover, its use not only ranges over the aforesaid industrial purposes, but also is used for working clothes and training pants. Blankets and general fabrics for ladies are other major items for which the vinyylon staple is available. The filament for polyvinylidene chloride fiber accounts for the greater part of the above-mentioned fish-nets, and it also is used for vermicular nets, sunshades and various household utensils. Recently, staple has been turned out of the fiber and used in the wide area of apparel including school uniforms and blankets. As stated above, filament for polyvinyl chloride fiber is used as fish-nets, while its staple promises to find a wider use as working clothes, uniforms, ladies and children's clothes and blankets. Acrylic fiber and polyester fiber are still at a stage of experiment.

Thus the domestic demand for non-cellulosic man-made fiber is now comparatively brisk, but its exports still remain at a low level. Actual export figure for this item last year stood at a mere 3,842,000 lbs, of which polyamide fiber accounted for the major part—3,722,000 lbs. With a gradual rise in production, it is expected its exports would go uphill soon. Industrial observers have estimated total exports of the non-cellulosic man-made fiber for 1960 (April, 1960—March, 1961) to pick up to 42,000,000 lbs.

The above descriptions covered a general condition of the non-cellulosic man-made fiber industry in Japan, and the recent favorable trends mentioned therein give promise to its further development. Signs, however, are growing that increased production and the diversification of its qualities would bring about severe competitions not only against other textiles but also among synthetic fibers. Besides, the industry would face another problem of having to secure ample quantities of raw materials and to lower prices for its products in order to keep ground in international competitions. Thus the synthetic textile firms would now be confronted by a crucial problem of what enterprises should be chosen for tie-up with them in securing raw materials and outlets for their products.

JAPAN'S FOREIGN EXCHANGE BUDGET

Government fixed the foreign exchange budget for the second half of 1957 fiscal year (October through March next year) at US\$2,009,264,000 of which \$1,652 million is earmarked for commodity imports (including \$80 million as reserve fund, and \$330 million for imports under the Automatic Approval System), and \$357,264,000 for invisible trade payments (including \$30 million as reserve fund).

The budgetary scale for the period under review is characterized by an overall retrenchment in foreign exchange allocations except for a few items. Compared with the original budget for the preceding half-yearly period, the total amount of foreign exchange available for external payments represents a substantial slash of \$634,433,000; \$584 million for commodity imports and \$50,433,000 for invisible trade payments. The amount of foreign exchange made available for the purchase of goods under the Automatic Approval System is also cut by \$167 million to \$330 million. The

main characteristics of the new foreign exchange budget are summarized below.

1. In compiling the budget the Government aimed at balancing the nation's foreign exchange account for the six-month period to hold down the deficit balance for the whole 1957 fiscal year at \$390 million which was estimated for the preceding six months, while maintaining the stability of commodity prices for the purpose of promoting exports.
2. For the import of raw wool and cotton an appropriate amount of foreign exchange has been allocated to adjust the inventories of their products.
3. In anticipation of a further decline in investment demands, no foreign exchange appropriations have been made for the importation of pig iron, steel-making materials and electrolytic copper.
4. To the list of commodities importable under the Automatic Approval System seven items including pharmaceutical materials have been added, but the import budget for the Automatic Approval goods has

been held down to \$330 million in anticipation of the seasonal fall in the import particularly of iron ore. 5. An adequate amount of foreign exchange has been appropriated for the import of rice in order to meet the increased demand for foreign rice.

The new foreign exchange budget for commodity imports is broken down below by the major commodity groups.

Commodity group	Second half (in \$1,000)	First half (in \$1,000)
Foodstuffs	259,830	259,740
Monopoly goods	8,116	5,664
Lumber	6,000	6,942
Raw materials for daily necessities	17,560	24,488
Textile materials	379,640	378,035
Fertilizers and raw materials	16,384	21,444
Coal	49,363	82,237
Iron and steel products and raw materials	68,500	288,503
Non-ferrous metals and non-metallic minerals	28,283	65,551
Petroleum	96,224	109,246
Chemicals and chemical materials	12,721	7,743
Pharmaceuticals	2,741	3,923
Machinery	150,000	190,000
Materials for processing trade	37,000	37,000
Goods for compensating transactions	31,000	29,900
Goods for U.S. Forces	5,000	5,000
Re-export and additional import goods	1,500	1,000
Miscellaneous imports (I)	42,138	48,284
" " (II)	30,000	24,000
Automatic Approval goods	330,000	497,000
Reserve Fund	80,000	150,000
Total	1,652,000	2,236,000

The commodity import budget is broken down by principal items as follows:

Rice. The import of rice will be increased to 540,000 tons for the six-month period ending March next year from the standpoint of encouraging exports to Southeast Asian countries including Thailand, Burma, Taiwan and mainland China on a reciprocal basis, and of countering the increased requirement for foreign rice. **Wheat and barley.** The import volume for wheat and barley remains almost unchanged from that for the previous half-yearly period with 10,180,000 tons and 411,000 tons respectively with a view to stabilizing their demand and supply situation. **Sugar.** The import of sugar is set at 430,000 tons for the period under review, which is regarded as sufficient to maintain its current price level. **Soybeans.** 300,000 tons of soybeans are slated to be imported to keep stabilized their demand and supply situation for the coming six months.

Raw cotton. With the object of adjusting the stockpiles of cotton products, an adequate amount of foreign exchange has been compiled in the budget for the import of raw cotton. Monthly production of cotton goods is estimated at about 204,000 bales on an average in terms of cotton yarn, and accordingly the import of 1,160,000 bales of raw cotton is considered appropriate to adjust their inventories

at some 470,000 bales at the end of March next year, which roughly amounted to 530,000 bales at the beginning of September this year. Domestic demand for cotton goods is put at 132,000 bales a month and exports at 82,000 bales totaling 214,000 bales. **Raw wool.** 566,000 bales of raw wool is scheduled for imports during the period under review so as to adjust the stockpiles of woolen products at 46,000,000 lbs. at the end of March next year. Their inventories at the end of July this year stood at 84,000,000 tons.

Iron/steel materials. During the first half of this fiscal year, Japan imported 450,000 tons of steel-making materials and 300,000 tons of pig iron. In parallel with the declining trend of industrial investments of late, no foreign exchange has been appropriated in the budget for the purchase abroad of pig iron, semi-finished steel products and steel materials. However, \$59 million worth of foreign exchange will be allocated for the import of 716,000 tons of scrap iron. **Coal.** 1,758,000 tons of coking coal will be purchased abroad during the period under review. The carryover of imported coal to the second half of this fiscal year is reported to be sufficient to meet four months' industrial requirements. **Non-ferrous metals.** No foreign exchange allocations will be made for the import of electrolytic copper during the period under review mainly because of its excessive supply at home. The import of scrap copper under the Automatic Approval System has recently been suspended temporarily.

Compensation deal goods. For the import of commodities for compensating transactions foreign exchange appropriations have been increased by \$2 million to \$31 million over the corresponding amount for the first half of this fiscal year in anticipation of a further expansion in trade with the Communist bloc. **Processing trade materials.** As a means of promoting exports, \$37 million worth of foreign exchange has been allotted for the import of raw materials for processing deals, which is \$2 million more than the amount actually utilized during the previous half-yearly period.

Machinery. In view of the diminishing requirements for investment materials in recent months, foreign exchange appropriations for machinery imports have been held down to \$150 million, compared with \$190 million for the first half. The import plan of major commodities during the second half of 1957 fiscal year as announced by the Ministry of International Trade and Industry is tabulated below.

Commodity	Unit	Second half (in \$1 million)	Value (in \$1 million)	First half (Actually imported)
Rice	1,000 tons	540	76	84
Wheat	"	1,018	71	1,020
Barley	"	411	25	370
Sugar	"	430	47	520
Soybeans	"	300	34	386
Raw cotton (for spinning)	1,000 bales	1,160	198	1,050
Raw wool	"	566	142	385
Scrap iron	1,000 tons	716	59	734
Coking coal	"	1,758	47	2,080
Heavy oil	1,000 k.l.	400	8	625
Crude oil	1,000 barrels	42,735	85	36,500

The new foreign exchange budget for invisible trade payments, on the other hand, is featured by (1) a marked cut of some \$26 million in appropriations for payments in connection with transportation in anticipation of declines in both import volume and ocean freight rates and (2) a substantial reduction in spendings on non-urgent service items. For such invisible payments as are closely connected with

REPORTS FROM CHINA

1958 Bonds—Peking announced early this month that the 1958 National Economic Construction Bond Issue will total 630 million yuan. This target is 5% more than that for 1957. However, Peking People's Daily on November 14th claimed that up to the end of September this year the 1957 bonds had already been over-subscribed by 50 million yuan reaching the total amount of 650 million yuan. Annual interest will remain at 4% and the bonds will be redeemable over a period of 10 years beginning 1959.

New Currency—Beginning December 1st, 10-yuan notes will be issued by the People's Bank of China. In 1955, when Peking put the new Yuan notes (1 Yuan equivalent to 10,000 old Yuan) in circulation throughout China there were only denominations of Y1, Y2, Y3 and Y5 as well as smaller denominations of 1, 2 and 5 fen and 1, 2 and 5 chiao (10 fen in 1 chiao and 10 chiao to one yuan). Y10 notes were also printed but not issued. Announcing the issuance of 10-yuan notes last week, Peking explained that the measure was taken to facilitate transactions. Small denomination coins made of aluminium will also be issued on December 1st. They will be the 1, 2 and 5 fen coins with national emblem on one side and an ear of wheat on the other. These coins will be circulated simultaneously with the paper currency of the same denominations.

New Army Appointments—Peking has appointed General Hsiao Ke as Chief of the General Training Department of the People's Liberation Army replacing Marshal Liu Po-cheng. Lieutenant-General Yu Chiu-li was made Political Commissar of the General Logistics Department of the PLA.

Soviet-Aid—According to the State Statistical Bureau, 37 major industrial projects out of the 156 projects being built in China with help from the Soviet Union have gone into full operation and another 20 are in partial operation. The first five-year plan has scheduled to finish 45 of the 156 projects by the end of 1957. The Bureau also boasted that of the five million tons total steel output this year 2.8

commodity transactions, however, an ample amount of foreign exchange has been compiled in the budget.

The following table shows the breakdown of the new foreign exchange budget for invisible trade payments.

Invisible items	(in \$1,000)	
	Second half	First half
Payments for transportation	153,522	179,425
Payments for insurance	8,200	8,720
Expenses for traveling abroad	9,300	10,000
Payments of profits for foreign investments	26,022	25,625
Government transactions	12,790	12,343
Expenses accompanying trade transactions	28,100	27,150
Payments for foreign technical aids ..	25,000	23,500
Communications expenses	3,630	3,160
Other services	29,170	35,392
Gifts	2,077	8,075
Long-term capital transactions	29,299	44,055
Short-term capital transactions	65	102
Expenses accompanying commodity transactions	89	150
Reserve fund	30,000	30,000
Total	357,264	407,697

million tons were being produced by plants built with Soviet help; 6.3 million tons of coal were being extracted from coal pits newly constructed with the help of U.S.S.R. Power plants built with Soviet aid will by the end of this year have a capacity of 680,000 kilowatts out of the country's total power output capacity of 4.4 million kilowatts.

The Minister of Foreign Trade estimated that during the first five-year plan period the Soviet Union supplied 3,000 metal-cutting machines, 2,000,000 tons of ferrous metals, more than 10,000 items of farming machinery and 100,000,000 yuan worth of scientific apparatus. In addition, there were consignments of sugar, cotton, cloth, paper and medicine. Thousands of Soviet experts came to China in the past few years and since 1953, 7,000 Chinese factory administrators, technicians and workers received practical training in the Soviet Union. According to his statement, U.S.S.R. had since 1949, granted loans to China on favourable terms amounting to more than 5,200,000,000 yuan. U.S.S.R. is also helping China to develop the peaceful use of atomic energy and establish an atomic reactor.

Sino-Polish Cooperation—The Sino-Polish Joint Standing Commission on Technical and Scientific-Technical Cooperation announced in Peking on November 4 that the Chinese People's Republic will in 1958 supply Poland with technical data pertaining to the petroleum and food industries and metallic analysis, and receive Polish specialists for the survey of its technical achievements in chemical industry, geology and fire-resistant material and food industry. The Polish People's Republic will in turn supply China with designing and research data of the chemical industry and technical data of the building industry, ship-building, coal-mining and light industries and other branches of national economy, and receive Chinese specialists and technicians for the survey of technical achievements in the non-ferrous metal, chemical and timber industries. In addition, it will send specialists to China to give technical assistance in antibiotics and metallurgy. The two countries will also organise direct scientific-technical cooperation between their corresponding ministries and scientific research organisations.

Drought—There is not yet any report on the full extent of drought in China and its consequences. On October 29th, newspapers in Peking reported some rain in Shensi, Shansi, Kansu, Hupeh, Kiangs, Anhwei, Honan and Shantung; only Hopei did not have any rain. On November 18th, a spokesman of the Ministry of Agriculture revealed that an "unprecedented battle" against drought had been fought by cooperative peasants in the Yellow River Basin and North China plain this year but immediately added that roughly 95% of the wheat lands in these areas had been planted despite the drought which lasted for three and a half months in some places and two and a half months in others. The "greatest battles" were in Honan, the province was hit by worse drought than in 1942. Peking People's Daily on November 20th however claimed that peasants in one of the counties in Hupeh would have an income 33% more this year than last despite an 80-day drought.

Cotton Harvest—Peking again boasted that a record cotton harvest would be gathered this year and estimated that the total cotton crop would be about 1,640,000 tons, slightly exceeding the target set in the first five-year plan. A spokesman of the Ministry of Agriculture said the significance of this record yield was that it had been grown on a

cotton acreage less by 506,600 hectares this year compared with the target set in the five-year plan. The state purchase of cotton by the end of October had already exceeded that in the same period of the bumper year 1955 by 21.7%.

Industrial Crops—This year's jute crop, according to the Ministry of Agriculture, will be 22.9% more than 1956. The ramie crop will be 10.3% higher. The Ministry also announced that compared with last year, the sugar cane crop this year had gone up 52.2% and sugar beet 3%. The tea crop was estimated to be near last year's. Total output of major fruits—apples, tangerines, oranges, pears, bananas, and grapes—will be 39,000 tons more than in 1956. This year's tobacco and silk cocoon crops however are slightly below last year's. A reduction of the tobacco acreage and unfavourable weather kept the tobacco crop down. Limited supplies of mulberry leaves affected the silk cocoon crop.

New Sugar Centre—20,000 hectares of sugar-cane will be added in the southern part of Kwangtung next year. This is part of the plan to develop sugar cane in the Luichow Peninsula and Hainan Island. At present, the cultivation of

sugar cane in this province is centered on the Pearl River Delta. In 1958 the state will invest 33 million yuan in the area's sugar industry, and will set up 12 sugar refineries. It is estimated the annual output of sugar there next year will reach 70,000 tons, about 18% Kwangtung's total annual output.

Salt Production—The People's Daily in Peking claimed that salt fields throughout China had overfulfilled the 1957 state plan by 0.5%, two and a half months ahead of schedule. The total output of salt reached 7.04 million tons, a 61% increase as compared with the same period of last year.

Pigs in Szechwan and Hunan—Hsinhua News Agency reported from Peking that the number of pigs in Szechwan had reached the record number of 23,600,000. This is a three-fold increase compared with 1937 and 2,000,000 more than the highest record registered in 1954. The pig population in Hunan has reached a record total of nine million; the agricultural department plans to increase the total to 10 million by the end of this year.

CHINESE SCIENTISTS AND MARXISM

(Continued from Page 675)

tain times, they have picked out the scientists of all people to lead the chorus of submission. The occasion was the anniversary of the Bolshevik Revolution, and once more, after a long interval, the spokesmen or leaders of these circles called for all members of the Chiu San Society and various similar bodies to overcome their vacillation between capitalism and socialism, make a serious study of socialist theory, and learn continuously from the experience, science and technology of the Soviet Union. A noted professor of mathematics described the Soviet Union as China's predecessor on the road of socialism and her fraternal brother and teacher. He also pointed out that the Chinese scientists had learnt from their Soviet colleagues not only their science and technology but also their "socialist moral qualities and the spirit of internationalism."

It is all very well to seek every possible opportunity of learning from the Soviet Union, but to depend exclusively on one country is worse than a crime. Of course, we all know that the Communists insist that "the miracles of Soviet science were inseparable from the superiority of the Socialist system," as Tsien San-hsiang, nuclear physicist and Deputy Secretary-General of the Academy of Sciences, proclaimed at a meeting in Peking in honour of the Bolshevik Revolution. That is why the Russians had to buy their first jet engines from Britain, after 30 years of their superior system. Yet he claimed that Soviet were first in almost all things. In point of fact they were first in the satellite—and then only because the Americans were tardy, through conflict within the Services, in trying out their own. Even so the Sputnik was a spectacular achievement to which the whole world pays tribute. Now we are watching to see whether pride will rise superior to dogmatism and Party prejudice in regard to the award of the Nobel Prize to two young Chinese scientists in America—whose "miracles" are among the many which have gained for American and British scientists the Nobel Prizes in Science. Perhaps Tsien San-tsiang, Kuo Mo-jo and other leaders of the Chinese Academy would care to count up the number of awards won by the scientists of the free world and of the Communist world. But we shall see whether the great success of the two young Chinese professors in America will get the acclaim due to them in the Chinese Communist Press. It will certainly do much to keep the balance. And let them read the recent speech of one

of the greatest of all modern scientists, Sir George Thomson, on this very subject. It is the full freedom of the mind which is essential for genuine scientific research, though a totalitarian regime can create conditions for the technological exploitation of the results of research at least equal to those in the free world and even in America.

Even Tsien Hsueh-shen, Director of the Institute of Mechanics, speaking at the same meeting held that the great achievements of Soviet science derived from the power of a scientist led by the Communist Party, though he is a product of America's famous M.I.T. We shrewdly suspect, however, that all the Party leaders did was to provide the money and the means, and this the scientists in the Soviet Union have had in plenty. In technology it is probable that the Russians are now the equal of anybody. Their engineering profession had high standards even under Tsarism—which, of course, was all wrong! But an engineer had to put in anything between seven to nine years of higher study before he was qualified, and that's a long time—irrespective of political systems! But what have the Communists contributed to basic research in all the 40 years of the Soviet system? Practically nothing—even the satellite was a piece of technics. Nevertheless the reaction of the Party leaders of the brief spell of freedom has led to a tightening up all round, including relations with the Soviet Union, and it seems pretty clear that the draft 12-year Scientific Development Programme to 1967 will rely almost wholly on Soviet ideas and development. Two delegations were sent to Moscow, under the leadership of Kuo Mo-jo, for conferences with the Soviet scientists during and after the 40th anniversary celebrations of the Bolshevik Revolution. One was the Scientific and Technical Delegation, in charge of the Scientific Development Programme. They seek an agreement on the further strengthening of the scientific and technical research and co-operation between China and the Soviet Union. This very large delegation consists of 17 members and secretaries and 60 advisers and of the total delegation 32 belong to the Departmental Committee of the Chinese Academy of Sciences. The other delegation, consisting of eight members, was sent by the Chinese Academy of Sciences. It will discuss with the Soviet Academy problems of scientific and technical co-operation between the two academies. The full names of the delegation have not been announced as yet but one may wonder just how many of the real scientists depend on what they were taught in capitalist countries to do their job, and how few have had the allegedly supreme advantage of having been taught science by Marxists in a socialist land!

SINGAPORE'S COMMERCE, FINANCE AND COMMODITY MARKETS IN JANUARY/JUNE 1957

The Pan Malayan trade for the half year shows an adverse balance of \$147,000,000 compared with a favourable balance of \$1,800,000 for the corresponding period last year and a favourable balance of \$52,000,000 for the first six months of 1955. The total value of Singapore's trade, however, continued to grow. The increase in exports for the 1st half of 1957 over those for the same period of 1956 amounted to \$24,961,000 and for imports there was an increase of \$91,446,000: these increases do, of course, in part reflect increased production costs and freight surcharges stemming from Suez.

The value of Singapore trade with the Federation increased in the early part of the year but the latest figures which would show the real effect of the amended Federation tariff policy are not yet available: there seems little doubt however that it has affected Singapore/Federation trade adversely. Although the value of the Indonesian trade has increased, trade relations between the two territories cannot be regarded as satisfactory, subject as they are to short term interferences; Sumatra in particular has a natural trade connection with Singapore and it is essential that no effort is spared to get this part of entrepot trade back into normal commercial channels. Trade with Borneo has also increased in value although not as much as it might have done since it is a fact that Borneo's increased trade with Hongkong has been in part at Singapore's expense and latterly she has also been trading direct with China.

Singapore's income from the Services' establishments continued at the very high level at which it has now been running for some considerable time: a material fall in this would be very serious indeed, reaching as it would down through all levels of the community.

TRADE FIGURES PAN-MALAYAN TRADE

		Imports	Exports	Total
1950	-----	\$2,891,133,000	\$3,956,937,000	\$6,848,070,000
1951	-----	4,720,312,000	5,990,546,000	10,710,858,000
1952	-----	3,873,142,000	3,918,503,000	7,791,645,000
1953	-----	3,238,232,000	3,021,616,000	6,259,848,000
1954	-----	3,139,353,864	3,111,490,506	6,250,853,370
1955	-----	3,821,858,170	4,156,334,015	7,978,192,185
1956	-----	4,153,088,785	4,185,704,133	8,318,792,905
Jan./June	Singapore	\$1,865,852,427	\$1,399,494,886	\$3,065,347,003
	Federation of Malaya	558,996,013	678,148,538	1,237,144,551
	Total Pan-Malayan	\$2,224,848,440	\$2,077,643,204	\$4,302,491,644

JAN./JUNE SINGAPORE TRADE

	Federation of Malaya	SINGAPORE TRADE
1956 (1st quarter)	\$ 219,025,000	\$ 165,686,000
1957 (only)	230,733,000	174,061,000
1956 Indonesia	515,260,000	122,017,000
1957	537,957,000	118,221,000
1956 United Kingdom	214,212,000	206,918,000
1957 Japan	236,379,000	153,237,000
1956 U.S.A.	118,083,000	106,673,000
1957	118,083,000	122,923,000
1956	91,733,000	137,538,000
1957 Sarawak	69,861,000	146,927,000
1956	102,878,000	40,998,000
1957	98,588,000	41,190,000
1956 Australia	54,356,000	75,388,000
1957	59,138,000	66,385,000
1956 India	32,655,000	34,437,000
1957	32,185,000	47,906,000
1956 China	53,541,000	2,285,000
1957	69,728,000	4,929,000
1956 West Germany	30,774,000	45,492,000
1957	42,873,000	27,864,000
1956 Netherlands	22,872,000	42,972,000
1957	28,706,000	31,708,000
1956 North Borneo	10,023,000	24,415,000
1957	12,329,000	36,211,000
1956 Formosa	14,572,000	5,471,000
1957	22,211,000	15,981,000

SINGAPORE HARBOUR BOARD

General Statistics

	30-6-55	31-12-55	30-6-56	31-12-56	30-6-57
Number of vessels accommodated:					
Dockyard Dept:	147	203	211	201	243
Traffic Dept:	1,793	1,780	1,812	1,708	1,710
Nett Registered Tonnage of vessels berthed alongside:					
Dockyard Dept:	296,807	384,769	380,186	331,306	469,947
Traffic Dept:	5,341,625	5,400,873	5,376,166	5,084,996	5,161,969
Tonnage of Cargo handled (excluding Coal & Fuel Oil)					
Import	1,184,772	1,109,002	1,173,405	1,112,215	1,158,541
Export	913,935	902,894	923,253	971,771	930,892
	2,098,707	2,011,896	2,096,658	2,083,986	2,089,433
Grand Total of Cargo handled (including Coal & Fuel Oil)	2,784,708	2,876,901	2,785,003	2,882,155	2,898,625

During the six months ended 30th June 1957, it will be noted that the number of vessels accommodated and their net registered tonnage was slightly higher than in the previous half year. The increased length of modern vessels now in service is undoubtedly bringing about a reduction in the fullest utilization of quayage space and tends to accentuate delays in berthing, although as a general rule these have not been of serious concern. Excluding coal and fuel oil, imports showed an increase of 46,326 tons, whilst exports showed a decrease of 40,879 tons; the total cargo handled at 2,898,625 tons showed an increase of 16,470 tons. The total increase in tonnage handled would have been higher but for the "go slow" incident during the last week in June which has somewhat marred overall performance during the period.

The total figures for all cargo including coal and fuel oil during the twelve months ended 30th June, 1957, at 5,780,780 tons represented the highest figure ever recorded and an increase of 118,876 tons over the previous twelve months.

No congestion was experienced in the transit godowns.

The construction work in connection with the new passenger terminal and car park at No. 42/43, the new Godown No. 19, and the joining of the North Wall Jetties to make a continuous wharf, made good progress.

Hardstanding to facilitate the storage of cargo in the open has been completed in the area between Godowns 29/30 and 31/32 and also at the eastern entrance of the Empire Dock. Work was commenced on increasing the hardstanding area to the south of the mechanical equipment shed at the rear of Godown 21.

Much work has been done and much is being directed towards improving gate control and access and general traffic circulation within the wharf perimeter, but the work will not bear full fruit until the new system of public roads at Tanjong Pagar is completed.

Fuel and Diesel pipes were constructed to allow the tugs to bunker at the Empire Dock entrance and thus avoid utilising cargo working berths.

Work was commenced on the extension of 18" fuel and diesel oil lines to berth No. 38/39. This work, when completed, will give an alternative berth to No. 42/43 for tanker discharge.

During the half year, 18 Forklift trucks of 6,000 lbs. capacity were added to our fleet of mechanical aids.

The Fire Brigade attended 68 calls during the period under review.

Work in the dockyards has been at an unparalleled high level throughout the period and the shortage of experienced staff is causing grave concern. Much additional work has resulted since the commissioning of The Queen's Dock which has been fully booked-up since its opening.

BANKING AND EXCHANGE

Although the Malayan Exchange Banks Association's best agreed T.T. rates to merchants were at bottom (i.e. 2/3 7/8 selling, 2/4 buying) from July 1956 to December 11th 1956 they rose briefly to top towards the end of December but on January 4th 1957 they were once again lowered to bottom. No further change took place throughout the half-year and a heavy and insistent demand for sterling kept rates in the interbank market at a low level. With the figures for the total visible external trade of Malaya for the period January/June 1957 showing a deficit of \$153 million it is not surprising to find that the Malayan

dollar was weak against sterling; but in addition, the heavy remittances of sterling to London by the Federation Government, as revealed by the Federation Minister of Finance in the speech in the Legislative Council on May 5th 1957, further aggravated the situation.

Normally expansion of the currency takes place when rates are at top but in January 1957 a heavy demand for cash by bank offices in the Federation resulted in the unusual phenomenon of expansion of the currency taking place while rates were falling. In subsequent months the cash position improved and in April/May/June shortage of sterling forced certain banks to purchase part of their requirements from the Currency Board thus contracting the currency.

The whole amount of currency in circulation on January 1st was \$983,282,880 and on June 30th the figure was \$982,903,815. The highest figure recorded was that for April 1st, 1957, when the total of notes and coin in circulation was \$999,933,742.

At the beginning of the year the sterling/U.S. dollar cross rate stood at 2.78 3/4 and the sterling/Canadian dollar rate at 2.67%. Later in the month of January the U.S. dollar rate touched parity but for the remainder of the half-year the cross-rate fluctuated between 2.78 1/2 and 2.79 13/16. The Canadian dollar appreciated steadily, the rate on June 30th being 2.65%.

Transferable sterling gained in strength over the six months and the discount at the close of the half-year was only .6%.

In spite of the fact that Bank Rate in London was lowered from 5 1/2% to 5% on February 7th, 1957, the Malayan Exchange Banks Association, in an endeavour to restrict borrowing and protect deposits, found it necessary on February 11th to raise rates of interest for dollar advances to the following levels:—

Advances against Government and/or Municipal Securities		6 % p.a.
Clean advances		6 % "
Advances against Commodities		6 % "
Advances against Stocks & Shares		6 1/2 % "
Advances against Property		7 % "

Banking statistics show the following outstandings. Pan-Malayan at June 30th, 1957:—

	Percentage increase or decrease over 31.12.56
Cash	\$ 90,296,000 + 7.12
Loans & Advances	\$787,495,000 + .58
Demand Deposits	\$852,949,000 — 6.66
Fixed Deposits	\$244,596,000 + 7.35

TIN

The period opened with a price of £765.0.0 per ton in London and \$382.00 per picul ex Works in Singapore. The price remained remarkably steady throughout the period, fluctuating within narrow limits, closing at £758.10.0 per ton in London and \$379.87 1/2 per picul ex Works in Singapore.

Backwardation reached £29.0.0 per ton 29th January, thereafter it fell away until it virtually disappeared, and stood at £3.10.0 per ton at the end of June.

Thailand formally deposited her ratification of the International Tin Agreement in March.

The Texas Smelter finally ceased operations at the end of January.

The highest Sterling price per ton was \$778.0.0 on 25.3.57. The lowest Sterling price per ton was £740.0.0 on

25.2.57. The average price per ton was £761.11.8. The highest Malayan Dollar price per picul was \$390.62½ on 26.3.57. The lowest Malayan Dollar price per picul was \$374.00 on 25.2.57. The average Malayan Dollar price per picul was \$383.65.

SINGAPORE PRICE PER PICUL EX WORKS			London	Straits
Month	Average	Highest	Sterling Per Ton	Premium
			3 Months Buying Average	Average Per Ton
January	\$384.93	\$387.75	\$382.00	£771. 0. 0
February	379.34	385.50	374.00	752. 0. 0
March	381.07	390.62½	375.25	755.19. 6
April	387.60	390.12½	385.50	767.19. 6
May	385.88	389.00	384.00	763. 2. 2
June	388.10	385.00	379.00	759. 8. 11
	\$383.65	\$390.62½	\$374.00	£761.11. 8
				£17.18. 9

TIN AND TIN-IN-ORE exported from the Federation of Malaya showed a reduction of 1,653 tons on the figures for the previous six months.

		Piculs	Tons
January/June	1955	505,183	30,070
July/December	1955	530,441	31,574
January/June	1956	526,769	31,355
July/December	1956	518,737	30,878
January/June	1957	490,984	29,225

IMPORTS OF TIN AND TIN-IN-ORE FROM OTHER SOURCES

	Jan./June 1955	July/Dec. 1955	Jan./June 1956	July/Dec. 1956	Jan./June 1957
	Tons	Tons	Tons	Tons	Tons
Burma	376	540	314	491	274
Siam	3,608	4,422	4,502	5,577	5,584
Elsewhere	63	45	187	126	266
	4,047	5,007	5,003	6,194	6,124

EXPORTS OF METAL FROM SINGAPORE AND PENANG

Destination	Jan./June 1956	July/Dec. 1956	Jan./June 1957
	Tons	Tons	Tons
United Kingdom	1,571 ½	547 ¼	38
U.S.A.	18,517 ¼	22,565 ½	20,125
Continent of Europe	7,806 ¾	5,259 ½	3,953 ½
Canada	735	895	880
Australasia	490 ½	406 ½	871
Japan	3,435 ¼	3,438	4,223
Pacific	392 ¾	226 ¾	433 ½
India	2,327 ¼	1,751 ¾	2,749 ½
South America	547 ¾	423	2,153 ¾
Africa	884 ½	344 ½	626 ¾
Middle East	157 ¾	535 ½	134 ¾
	36,865 ¾	36,394	36,188 ¾

TEXTILES

United Kingdom: It was reported in the 1956 yearly review on Textiles, that the continual rise in the price of English textiles would eventually affect the volume of imports into this market. This has been fully borne out by the fact that in total, the English yardages show a decrease of 1,422,425 sq. yards when compared with the first half of 1956. It would now seem that the days of trading on goodwill and old established names are past, and a concerted

effort by British cotton goods exporters into the competitive market is called for.

Russia: From the detailed figures given below this country appears to have made a considerable increase in her exports. However to compare the figures of this half year with those of the first part of 1956 does not really give a true perspective as 1956 was the first time Russia had sent goods here since the termination of World War II. The total square yardage of slightly over two million is well below the figure of 4/5 million square yards, which was mentioned as a probable import quantity for the early part of this year. The reason for this lag is not known; although it is believed that at least one shipment that arrived in Singapore was returned to the suppliers owing to bad finish of the goods.

Communist China: This country's exports have increased by some 5 million square yards in comparison with the first half of 1956, and whilst the figures finally do not compare with those for Japan, it is apparent that some efforts are being made to increase business. It must also be mentioned once again, that the steps to improve the quality of this country's textiles are very apparent, and the finishes and colour fastness in dyed fabrics have improved tremendously.

Czechoslovakia: A marked decline in the volume of imports from this country is noticed, and whilst she was the third largest supplier of bleached cottons at the end of 1956, now she is one of the smallest importers of this material.

India: In comparing the two half years imports from India there is noticed a decrease in imports of cotton textiles of approximately 1.43 million square yards so far this year. This could be attributed in some way to the very stringent export facilities to Indonesia during 1957. The presentation of goods and packing still remain the same and could be improved. Also attention to regular quality and the variation of designs and colours still remains unaltered to some degree, and whilst India is the second largest exporter of cotton textiles to this market, it would appear that if attention were paid to these various details her prestige could be enhanced still further.

Japan: An alarming decrease in this country's exports will be noticed by comparing the detailed figures below, and this is undoubtedly accounted for by the changed and unsettled policies in Indonesia during this year.

Italy: A slight increase in the imports of Woollen Woven Fabrics appears in this half year and Italy now take precedence over Japan and the United Kingdom in these types of material.

Statistical Details (in Square Yards)

	1956 (Jan. to June)	1957 (Jan. to June)
Singapore		
& Federated & Malaya		
United Kingdom		
Unbleached	54,992	9,617
Cotton Duck White	45,533	62,940
Cotton Duck Dyed	85,479	96,182
Cotton Bleached	1,341,730	902,425
Cotton Dyed	1,400,470	1,152,856
Cotton Printed	1,215,095	873,330
Cotton Coloured	75,083	61,897
Synthetic Fabrics		
Printed	300,300	288,026
Synthetic Fabrics Dyed	772,811	350,979
Worsted Fabrics Woven	38,050	77,389
Woollen Fabrics Woven	179,214	210,691

		1956 (Jan. to June)	1957 (Jan. to June)
		Singapore & Malaya	Singapore & Federation of Malaya
India			
Cotton Duck Grey	286,630	204,691	
Cotton Duck White	148,714	22,849	
Cotton Duck Dyed	223,273	181,468	
Cotton Unbleached	5,252,406	8,125,113	
Cotton Bleached	12,368,763	11,589,696	
Cotton Dyed	5,470,746	4,395,886	
Cotton Printed	2,026,810	738,107	
Cotton Coloured	2,392,400	1,480,710	
Japan			
Cotton Unbleached	581,834	499,535	
Cotton Bleached	9,144,394	9,855,358	
Cotton Dyed	5,441,096	6,920,133	
Cotton Printed	32,788,581	27,439,752	
Cotton Coloured	858,410	1,234,666	
Synthetic Fabrics Printed	19,490,839	12,842,365	
Synthetic Fabrics Dyed	32,369,390	22,780,283	
Woollen Woven Fabrics	358,351	336,296	
Worsted Woven Fabrics	172,496	108,422	
China			
Cotton Unbleached	1,120,822	830,335	
Cotton Bleached	592,624	2,251,880	
Cotton Dyed	4,975,171	7,011,632	
Cotton Printed	712,901	2,269,391	
Cotton Coloured	16,250	182,362	
U.S.S.R.			
Cotton Unbleached	502,754	NIL	
Cotton Bleached	NIL	787,936	
Cotton Dyed	NIL	306,355	
Cotton Printed	NIL	1,093,470	
Czechoslovakia			
Cotton Bleached	2,699,449	691,449	
Cotton Dyed	733,742	155,049	
Cotton Printed	755,583	39,821	
Cotton Coloured	549,935	175,726	
Italy			
Woollen Woven Fabrics	451,140	449,863	

BUILDING MATERIALS

The demand for building materials during the first six months of 1957 continued at high level due to the activity of private enterprise in the form of low cost houses, and the Government programme of expansion of Social Services. There was no scarcity of any building materials with the possible exception of cement where demand exceeded supply during the first 2 to 3 months of 1957.

Prices during the first few months of 1957 continued at levels similar to those ruling at the end of 1956 but with the re-opening of the Suez Canal there was a tendency for prices to ease, especially Steel which decreased by approximately 10%. Cement was also available at lower levels during the period April to June. Generally speaking however there was very little change in the overall position regarding price.

The second half of 1957 should see a good demand for all building materials as the Government, City Council and S.I.T. have large building projects on hand such as hospitals, schools, flats and a big sewage scheme costing some fourteen million dollars. Private building schemes in the form of low cost housing estates are on the increase and at present there are many of these estates in the course of erection.

Competition among importers of building materials continued on a very keen note and profit margins have shown a downward tendency in the past six months. Future

indications are that little change will take place during the second half of 1957.

ENGINEERING SUPPLIES

In spite of fears to the contrary capital investment has continued, although at a somewhat lower level than the previous year.

It is the case that Singapore and, for that matter, the whole of the Far East is rapidly becoming the most sought after market of the world, and whilst present competition is fierce, it can be expected to reach higher levels in the future. Trade Fairs and Trade Delegations are the order of the day with Australia, Japan and the Continental Countries making a strong bid to capture the market.

The implementation of Malayanisation will undoubtedly have the effect of softening the 'Buy British' policy at present adopted by all Government Departments and will mean that the market will become increasingly open in the future. Price increases and the continual inability of British Manufacturers to maintain delivery promises have not improved their position in this market and it is apparent that if they are to maintain their hold, a more enlightened export policy will be necessary.

With the rising cost of labour increased interest is being shown in Mechanical Handling aids and it is evident that there will be a great scope for these in the future.

The Hardware Business with Dealers has been slack due mainly to the reduction in trade with Indonesia and the Federation of Malaya; moreover, it is apparent that a certain nervousness is being exhibited by the Chinese Dealers concerning the approach of Self-Government which is tending to restrict stocking to a low level.

PROVISIONS

Canned Provisions: These remained in plentiful supply and demand was steady. Owing to the reduction in the exchange rate and after the opening of the Suez Canal again, prices of American Provisions were slightly reduced—as were the prices of others, also for the same reason.

Flour: Imports during the first part of the period were heavy, due to the news of impending freight increases. A number of speculative importers lost money due to the import of cheaper brands and during the latter part of the period imports of cheaper and lesser-known brands were reduced. Imports of Flour from France and Hongkong were also reduced. During the latter part of the period, the Flour market remained steady.

Sugar: Prices continued to rise steadily throughout the period under review, reaching a peak in April. They remained high in sympathy with the world market until the end of June. Since then, it should perhaps be mentioned (although this information is not properly relevant to the period) prices have fallen enormously and now show signs of steady at a level of about \$150 per ton less than the peak price reached during the period.

Considerable quantities of Indian Sugar were imported but delivery promises were not adhered to and large consignments of high-priced Indian Sugar arrived in the market at a time when it had already started to fall.

Importers, therefore, faced considerable losses towards the end of the period.

Spasmodic imports of cheaper Java Sugar have also had an unsettling effect on the market.

FRESH FRUIT AND VEGETABLES

The re-export trade to Indochina remained closed and although the import of fresh fruit by Thailand is per-

mitted, business was impossible due to the heavy import duty of 300 ticals per case for Apples and Pears.

Plums: Plentiful supplies and many varieties of Plums from Australia and South Africa were received during the period under review. Prices were reasonable. Supplies from America were almost negligible due to the very high landed costs.

Apples: The Apple season has been very difficult for the following reasons:—1. The Australian Apple and Pear Board removed the control on quantities for export, and, as anticipated, some confusion was caused. Supplies on occasion were in excess of demand, and due to some dealers being anxious to sell, the effect of competition resulted in a loss. 2. The Apple crops in Tasmania and the Eastern States of Australia for 1957 were 50% below the 1956 quantity, and due to the shortage of supplies, Western Australian growers were called upon to meet additional demands. As a result, the price of Australian Apples was as high as 50/- per case f.o.b. for Granny Smiths during June and July. The early season quotation for Cleos was 27/6 per case f.o.b. 3. At the start of the local fruit season, dealers were holding heavy stocks in storage, and, as space was limited, stocks were cleared at a loss to make room for American and South African Citrus. 4. Unfortunately, South Africa was unable to supply Granny Smith Apples which previously had been available at a competitive price. Four shipments of New Zealand Apples arrived at a high price.

Pears: Supplies of good variety Pears were limited to Australia, only two shipments came from South Africa.

Oranges: Due to the Suez Canal situation, supplies from the Middle East and Spain were unobtainable. Market demands were therefore supplied by America and South Africa. The market has been over-supplied with Citrus fruit, a position further aggravated by the plentiful local fruits.

Grapes: With the exception of South Africa and Australia, supplies were generally unsatisfactory. The Suez situation coincided with the Spanish Grape season, and further difficulties were experienced due to Press publicity directed at the arsenic content found on early shipments.

South African Grapes arrived in good condition and good prices were realised. Australian Grapes were restricted by the exceptionally high prices.

Vegetables: Again due to the Suez position, the market was for a time short of onions and potatoes. This position changed at the end of May, at which time prices returned to normal as supplies were then available from Portugal, Spain, Middle East, South Africa, Australia, Japan and China.

At the end of the half year heavy shipments of Vegetables came forward from Japan and China at very low prices. Dealers were therefore restricting their orders for Australian Vegetables.

WINES AND SPIRITS

The pattern of the Liquor trade shows practically no difference from last year and throughout the period under review imported Beer, Wines and Spirits have been available in sufficient supply.

RUBBER

The statistically happy outlook with which the year opened was regrettably short lived. All estimates for 1957 predicted a very narrow margin between production and consumption and despite a gradually increasing preference for the cheaper synthetic product in America it was con-

sidered that other consumers could well absorb any natural rubber surplus.

Unfortunately certain quarters in Singapore appeared to have over estimated the capabilities of overseas centres and outstandingly long position which were causing a technical squeeze on nearby rubber were forced on to the market from which it has up to the present time not really recovered. The potentially extremely dangerous situation caused by this over-trading was overcome mainly by Chinese members of the trade, who came to the assistance of the party concerned and met his commitments. Had they not done so the repercussions would have been felt not only in Malaya but in the rubber market throughout the world.

During the latter half of the period extremely quiet conditions have prevailed and all movements in price have been very small. Most outside influences have either been ignored or have gained only a minor following and the old volatility of the market has disappeared. This has been due in no small measure to the fact that with no apparent trend to the market, upcountry godown hedging has decreased considerably. In the past the trade was inclined to deprecate the presence of these non-member dealers in the market but since their interest has waned, so fluctuations have narrowed and dealers are finding it increasingly difficult to job, which previously was a very great feature of the local market.

The new export system announced by the Indonesian Government in June would a year or so ago have depressed the market considerably but in this new spirit of caution only a small drop was registered before shortcover held the market.

The meeting of the International Rubber Study Group in Djogjakarta in June produced nothing startling in the way of facts, figures or proposals. Once again the suggestion of a means to stabilise the price of rubber was mooted but recently the market appears to have achieved this acme, if it may be so called, without the aid of buffer stocks, restrictions or other unnatural means. Despite figures issued by the Group showing that world consumption of natural rubber for the first five months of the year exceeded production by 60,000 tons and stocks were depleted by 65,000 tons there is still a weight of unsold rubber overhanging this market.

Though stocks at the end of each month here are about average it would appear that they must consist largely of high grade rubber which is being carried forward month by month. At the same time cheaper qualities continue in demand and prices paid especially for 3 and 4 Ribbed Smoked Sheets appear uneconomical when compared with the bargains which have been offered in spot one sheet.

Latex shipments from Malaya during the half year were 49,068 tons compared with 48,470 tons for the corresponding period last year.

PRODUCE

Tapioca: Exports of Tapioca from Singapore were negligible because the overseas Tapioca business is concentrated in Penang.

The year opened with the market dull and this state persisted throughout the six months under review.

The main overseas market, the United Kingdom, was well stocked at the beginning of January and this coupled with slight over-production contributed largely towards the dull trend.

Prices were comparatively low in January at \$17.50, \$19.00 and \$25.00 per picul for No. 1 Seed, Pearl and Flake

respectively but fell steadily to \$14.50, \$16.00 and \$20.00 by the middle of May, the lowest levels recorded for several years.

Total exports show an increase of some 17% compared with the same period last year due mainly to increased shipments to the Australian and Asian markets.

Pearl Sago: Exports were down by approximately 30% on the corresponding period last year. Supplies of raw Sago were normal but, with the market dull, factories continued their policy of manufacturing against orders and there was no accumulation of stock by them. The price fluctuated within the margin of \$15.00 to \$14.00 per picul packed; the lowest post-war.

Sago Flour: The depression in the Lancashire Textile Industry has resulted in fewer orders and accordingly values declined steadily throughout the period. The export of this commodity is undoubtedly hindered by the high freight rate which now accounts for nearly 50% of the C.I.F. value.

Spices: The half year was marked by over-optimism and the resultant over-selling of the new Sarawak Pepper crop during the months of January and February. A reaction set in March when it was realised that crop estimates had been too large and subsequent statistics confirmed that arrivals in Singapore declined by 35% to 40% as compared with the first half of 1956. Dealers were perhaps misled by the early harvest of the 1956 crop which was not repeated this year as the low prices prevailing had resulted in a lack of care to the Pepper vines. Exports of both Black and White Pepper were similarly lower.

The price of Nutmegs continued to fluctuate within narrow limits at the previous high values as so far arrivals have not improved. This indicates that the crop damage during 1956 will take some time to be repaired. An interesting point about exports is that Japan has displaced the U.S.A. as our second largest consumer.

Gutta Jelutong: The improvement in arrivals of Gutta Percha has been reversed and this no doubt can be explained by the ample stock position built up towards the end of last year. Exports were similarly disappointing and shipments were down by as much as 70%, the U.S.A. and the United Kingdom remaining our chief outlets.

On the other hand arrivals and shipments of Jelutong showed very little change, with the bulk of exports moving to the U.S.A. Price fluctuations were negligible.

Gum: Stocks have at most times been adequate to meet the decreased demand from consumer markets and the lack of orders caused a slight falling off in arrivals.

Shipments to the U.S.A. and the Continent of Europe were below best though lack of interest from U.K. markets was partly compensated by improved demand from India.

Values remained mostly unchanged though the price of Damar No. 1 fell by approximately \$8 per picul in the face of increased shipments from other exporting centres.

Rattans: Contrary to the general improvement in arrivals over the past two years, imports during the first half of this year show a decrease of 10% to 20%. The ever changing export regulations in Indonesia may account for this decline.

Otherwise, trading remained much the same with Germany maintaining her position as our best customer followed by Hongkong, the United Kingdom and India buying satisfactory tonnages. Prices moved within narrow limits reflecting a close ratio between supply and demand.

Shells: The announcement of a severe tax on the importation of Shells into France, a major consuming centre, precipitated a fall in values of over \$50 per picul. Accordingly other buyers adopted a cautious attitude and the

lower prices caused a decrease in arrivals in particular from adjacent fishing grounds. Hongkong, Netherlands and Japan remain our principal customers though shipments to France were on average until the new import tax was imposed.

Coconut Oil: Exports of Coconut Oil during the period January to June, totalling 18,461 tons, are only slightly less than exports during the previous six months, which amounted to 19,293 tons. The proportion of crude to refined oil has changed, however, with crude down from 16,448 tons to 11,798 tons, but refined more than doubled, from 2,845 tons to 6,662 tons. This increase in exports of refined oil is due to heavy purchasing by Burma which, with 5,767 tons, not only absorbed most of the production of the refined grade, but also became the leading buyer.

Of the total exports of crude oil, the largest shipments, amounting to 2,700 tons, were made to Russia. Exports to the Netherlands, which took the leading share with 5,580 tons in the previous six months, declined to 1,077 tons; similarly exports to West Germany declined from 2,599 tons to 818 tons. The explanation given is that cheaper oil can be produced from Copra imported into North West Continental ports from the Philippines and Indonesia.

Other countries in Europe, however—France, Italy, Yugoslavia, Poland, Sweden—took an increased share. Again, no exports were made to the United Kingdom, as the dispute with the United Kingdom Customs Authorities over the validity of Singapore Certificates of Origin remains unsettled.

Apart from Burma, India appears as the most important buyer in Asia, with 1,557 tons. Hongkong, Korea, and Formosa increased their purchases to 1,018 tons and the usual small shipments were made to destinations in the Near and Middle East and Africa.

The F.O.B. price for bulk oil was maintained fairly steadily around \$43.00 per picul from January to April. With the price of copra declining and demand from overseas diminishing due to a more stable international outlook, the price soon fell fairly rapidly to around \$40. It remained at about this level for the rest of the period.

Copra: During the period under review—Jan./June 1957—statistics revealed a notable increase in the volume of trade. Exports totalled 40,359 tons—a quantity greater than during the whole of 1956 (35,462 tons)—with imports increasing proportionately to nearly 59,000 tons.

The increase is due entirely to demand from India, which is still a comparatively new outlet for Straits Copra. Indian buying began on a large scale in August last year, after the drought in Ceylon had caused an acute shortage of copra at India's customary source of supply. Up to December, 14,176 tons had been shipped, or nearly three times the tonnage to any other destination. During the first six months of this year, the quantity has more than doubled, to 37,079 tons. Bombay buyers have been able to pay a premium of at least £5.0.0 per ton over the price obtainable for basis ports throughout the period, which accounts for their success.

The balance of 3,280 tons also went mainly to Asian destinations, including Burma, Iraq, and Bahrain. A noticeable feature is the export of 456 tons to Japan, which usually draws its supplies from Indonesia and the South Pacific Islands.

Shipments to basis ports, principally Rotterdam and Hamburg, which used to appear high on the export lists, have ceased. Only 600 tons were exported to Europe, destinations being outports in Spain and Poland.

Buyers in Europe continue to make the bulk of their purchases in the Philippines and Indonesia, where lower freight rates are obtainable than in the Straits.

Since the Suez Canal Crisis ended, world copra prices have declined in keeping with the trend in the price of commodities generally and local F.O.B. prices have been no exception. Business was passing at \$29½ per picul in January and prices remained fairly steady at this level until the end of March, when a few sales were made at over \$30. A fall in demand then caused a steady drop to \$26¾ in April, after which no improvement was shown until the end of May. Renewed interest from India then coincided with a sizeable enquiry from China and Japan, causing an advance to \$27¾ by the close of the period.

Copra Cake: The price of expellers declined from \$15.00 per picul in January to \$11½ in June, due not only to the fall in the price of copra, but also to supplies exceeding demand. Production of local oil millers has been matched by imports from Indonesia. Exports, mainly to North Continental ports, are small in comparison to the total amount available.

Rice: Exports were mainly to nearby destinations and remain more or less the same for the corresponding period last year.

No large sales were reported and trading conditions were normal.

Prices were fairly steady throughout the six months with 1st Quality 100% Wholes around \$32 per picul.

Coffee: Increased arrivals during the first half of the year tended to confirm earlier reports that world production was expected to be up by about 25% to 30% on last year.

A large volume of business was reported mainly to the Continental and Australian markets.

Throughout, the tone of the market was uncertain with prices fluctuating widely by as much as \$15.00 per picul, a contributory cause being the uncertainty of arrivals from Indonesia.

Timber: Exports of graded timber from Singapore during the first half of 1957 were down by almost 10% on the corresponding period last year. On the whole, this can be considered satisfactory in view of the price cutting by Millers in the Federation and the closing down of two large Singapore Mills during the first quarter. The supply position was reasonable and calls for no particular comment.

The United Kingdom maintained her position as the largest buyer with Australia and New Zealand a fair second and third. Other main buyers were South Africa, Netherlands, New Guinea, Southern Rhodesia and U.S.A. The foregoing seven countries took over 90% of the graded exports from Singapore.

PINEAPPLES

Canners' prices, fixed in March 1954, had dropped by 19% between October '55 and Jan. '57. Although the agreed prices remained at this level, most canneries reduced an additional 5% on sales made during the period. Nevertheless, stocks at the end of the period were about twice the size of those at the end of June, 1956 although not so large as those carried over from December.

The two largest canneries, both in Johore, were beset in one case by a complete closure and in the other by the continuation of a slow strike and disobedience movement which had started early in 1956. As a result, approximately 5250 tons of estate fruit and 2500 tons of growers' fruit rotted in the field, nevertheless the total fruit received by Canners was 7% more than in 1956 due to the increased acreage.

These strike losses represented 2500 net can tons. Due to the non-mechanisation of canneries, a considerable proportion of the fruit continued to be packed as cubes and chunks, which cannot be sold at profit since they require about 1/3 more fruit per case than the other packs, causing a loss to exports of a further 3000 net can tons.

There has been an almost complete stoppage of fertilisation and considerable land, alienated for development, has been abandoned, whilst none of the old areas will be re-planted. As a result, the fruit size on the old estates is expected to decline by about 30% in 1958 with a consequent decline in the canned pack.

One cannery has installed a fully automatic fruit cutting machine and an automatic can filling machine, proving that considerable savings can be effected thereby.

Of the other main constituents of the pack, the price of sugar declined after reaching peak early in the period, the price of cartons remained steady and the price of cans increased slightly due to the higher cost of tinplate.

Production: Jan.-June, 1957

	Juice (cf. 1956)	Fruit (cf. 1956)
Net can tons	633 -0.3%	16681 -8.4%

Exports: Jan.-June, 1957

	Juice (cf. 1956)	Fruit (cf. 1956)
Net can tons	512 -1.2%	17742 +10.9%
Average f.o.b. price per ton	\$434.54+1.2%	\$910.09 -13.2%

Stocks: End of July, 1957

	Juice (cf. 1956)	Fruit (cf. 1956)
Cases of all Sizes	2627 +134.7%	265381 +108.7%

ECONOMIC LETTER FROM MANILA

Gov. Miguel Cuaderno of the Central Bank will present a new plan for extricating the country's hard-pressed economy from its difficult position. The plan will not involve devaluation of the peso but might include the adoption of multiple rates of exchange. The discussions at the IMF conference this year left the door open for the introduction of multiple rates of exchange in countries undergoing critical monetary and economic difficulties.

Gov. Cuaderno summed up progress to date on a number of loan negotiations on which he is now involved for the Philippines: 1. Obtained from the Export-Import Bank of Japan and the Bank of Japan a \$20,000,000 credit for the purchase of Japanese public works construction equipment. This represents part of the \$250,000,000 in long-

term credits which the Philippines was guaranteed in the Japanese Reparations Agreement. 2. Obtained a loan of \$20,000,000 from the Bank of America, \$15,000,000 of which had already been withdrawn. 3. Continued negotiations for a \$29,000,000 loan from the World Bank for the Binga power project. World Bank Officials were inclined to cut this amount to \$21,000,000. 4. Discussing extension of a \$15,000,000 credit line with the U.S. Export-Import bank which is due to expire on Dec. 31. 5. Faced difficulties in obtaining a loan from the World Bank or the E-I Bank in the amount of \$32,000,000 for construction of the Philippine Government's projected new steel mill.

The Central Bank Governor stated that "at no time in recent years has there been greater need for monetary

discipline in our country," indicating that his plan would involve a good deal of belt-tightening for the country. He suggested that because of the evil effects of barter trade and low prices for Philippine exports, some of the following measures may be necessary: 1. Curtailing the importation of completely knocked down parts for auto assembly plants and the restrictions on the import of other non-essential items. 2. Suspension of some development projects such as road building and school construction. 3. Tightening credit by suspending building loans of the RFC, the Philippine National Bank, the Government Insurance System, and two large private insurance companies engaged in home building. Such loans, he said, not only create a demand for more imported material but add to inflation by expanding the money supply.

Casco Philippine Chemical Co., Inc., opened its manufacturing plant on November 5. Located in Pamplona, Las Pinas, the synthetic resin manufacturing plant is a subsidiary of the Borden Company. It is designed to produce 16,000,000 pounds of urea resin per year. The first such plant to be constructed in the Philippines, its output is expected to meet the adhesive needs of the growing Philippine plywood industry. Borden decided to build the Manila plant because of the increasing Philippine need for adhesives. The plywood industry requires great quantities of urea-resin. Until completion of the Casco Philippine Chemical Co., Inc., all synthetic adhesives had to be imported from the United States and other countries. Borden's, one of the major suppliers, has been shipping resin from its Bainbridge, New York plant. The Casco Manila plant will provide the needed adhesives and will be able to supply them economically in a manner suited to the individual requirements of the prospective customers.

Philippine copra exports reached their highest level in a year during August. Exports totalled 100,844 long tons, the highest volume since Sept. 1956 when copra exports reached 111,958 tons. August shipments were up 15 per cent over July and 10 per cent higher than in August 1956. The export price, too, had risen by the middle of September to \$162 per short ton, compared to a mid-August price of \$155 and a mid-July figure of \$147.50.

Incorporation of the new Standard Paper Development Corp. has been approved by the SEC. With a subscribed capital of P330,000 of which P82,500 is paid up, the firm will manufacture and distribute all types of paper products and materials used in the treatment and processing of paper. The incorporators are mainly Chinese.

Final figures on the 1956-57 sugar crop in the Philippines show that it totalled 1,142,959.63 short tons, about 67,000 short tons less than the 1,210,530.81 figure for the 1955-56 crop. The Philippine Sugar Association attributes the drop to the fact that acreage in the Philippines is being steadily diverted to other crops in anticipation of a diminishing preferential position for Philippine sugar in the American market.

The Reynolds Philippine Corp. is planning to expand its sheet and foil rolling operations next year to include the production of aluminum extrusions. Locally manufactured extrusions will give Filipino architects greater expression in design, contractors greater ease in construction, and the country more opportunity in the architectural field.

It is getting costlier to live in the city as a result of rising prices of foodstuffs. The cost of living index for lower income families in Manila went up, for the fifth consecutive month, to 326.1 in September from 316.8 in August of this year. The index number for the month also shows that it is a lot costlier to live in Manila now than it was at this time last year. The cost of living index in the city

during September 1956 was 311.4. Cost of living now is highest since 1952 when the average for that year was computed by the census bureau at 339.4. Accounting mainly for the increase in the cost of living have been the rising prices of foodstuffs, especially rice. The food index in September went up to 337.7 from 322.9 in August and 315.1 in September 1956. There was no change in the indices for house rental and for fuel-light-water services.

The Eternit Corporation will establish a new factory here to make high pressure pipe. The Philippine government's desire to expand the supply of drinking water to its growing population has long necessitated heavy expenditures of foreign exchange for importing high-pressure pipe, none of which is at present manufactured in the Philippines. To reduce this outgo of foreign exchange, the Eternit Corporation decided to add to its asbestos-cement sheet works a modern high-pressure pipe manufacturing plant. The recent decision of the foreign investors in Eternit Corporation to supply the machinery required, in exchange for their participation in the increased capital of Eternit, will benefit both the Philippine economy and the Philippine stockholders in the company, by enabling the new factory to be built without calling upon Philippine reserves of foreign exchange to finance the capital expenditure.

The General Milk Co., a subsidiary of Carnation Milk Co., announces that Liberty Milk, produced in its new P6,000,000 plant in Mandaluyong, Rizal, is now available throughout the Philippines. Acceptance has been so favorable that the plant has been working at full capacity to meet demand. Distribution is handled by Connell Bros. through 4,000 distributors and dealers throughout the country. Same outlets handle imported Carnation milk.

Samar Mining Co. reported that during September its copper project in Masara, Davao, turned out 137 dry short tons of concentrates estimated to contain 49,139 pounds of copper and varying amounts of other metals for a total estimated value of P220,620. Philex Mining Corp., has signed to sell its entire production of copper concentrate to a Japanese firm.

Philippine mineral production during the fiscal year 1956-57 reached a record value of over P215 million. This new all-time high output shows a 15 per cent increase over last fiscal year's (1955-56) P186 million and 44 per cent expansion over the 1954-55 production. About half of the value of mineral production came from sales of base metals, especially copper, chrome and iron to foreign markets. Base metal exports were valued at nearly P109 million against P92 million in the previous year, or an increase of 17 per cent. Domestic production of non-metals, principally cement, coal and building materials, rose 18 per cent to a total of P60 million against P50 million in the previous fiscal year.

Gold output decreased in quantity although it rose in value owing to higher prices prevailing during the period for the precious metal in the free market. There were 397,669 ounces of gold produced during the last fiscal year against 408,390 ounces in the previous period, a drop of 2.6 per cent. The value of total production, however, went up 7 per cent to 46 million from P43 million in the 1955-56 fiscal year. A significant feature of export trends in metals during the period in question was the opening of new markets in Canada, England and other European countries. Only small shipments, however, were made, with the United States and Japan continuing to be the outlets for base metals like chromite, copper, manganese and iron ore.

Philippine copper producers, affected by the prevailing depressed price of copper on the world markets, have held a number of meetings to agree upon the forms of assistance they need "to enable the local industry to weather the pre-

sent crisis threatening its existence." Their recommendations include: 1. Reduction of rates of duties on all mining importations by 50 per cent through presidential action. 2. More lenient interpretation and more liberal policy on tariff, and special tax classification on imports of mining machinery, equipment and supplies by the commissioners of customs. 3. Liberal implementation of the present barter law by (a) giving all bona fide copper producers 100 per cent barter privileges, export and import freedom to

trade with any country, triangular barter transactions, barter of "end products," barter export permits valid for six months, extension of barter rights to import to six months from date of exportation; (b) simplification of present requirements in support of barter applications, and (c) granting privileges which should not operate to reduce dollar allocations for expansion or for special cases, nor to reduce quotas already granted. 4. Liberal loan terms by government financial institutions.

ECONOMIC REPORTS FROM THE PHILIPPINES

Export cargoes shipped from the Philippines during the first nine months of this year ran slightly lower in tonnage than during the same period last year. The tonnage according to countries of destination were:

	1956	1957
U.S.A.	1,828,998	1,619,591
Canada	19,955	25,027
Hongkong	33,204	18,109
Formosa	22,068	34,153
Japan	2,412,483	2,448,806
Korea (South)	65,029	90,166
Indonesia	2,529	798
Straits	1,454	2,272
Europe	528,486	576,714
Middle East	12,100	13,912
Africa	13,515	11,558
Australia	2,052	1,743
West Indies, C & S America	81,608	69,330
Okinawa	1,391	7,574
Saigon	1,685	1,810
Bangkok	3,804	1,981
Burma	110	107
Ceylon	69	24,521
India	1,396	826
Pakistan	38	99
Total	5,031,974	4,949,097

Exports of Philippine coconut products during the January through September periods of this year and last year totalled, in tons:

	1956	1957
Copra	724,655	732,303
Coconut Oil	73,578	66,272
Desiccated Coconut	33,534	45,698
Copra Cake and Meal	73,022	71,792
Glycerine	2,183	2,955

(All tons of 2240 except desiccated, which is tons of 2000 lbs.)

Principal destinations were as follows:

Copra		
U.S.A.	213,867	201,134
Europe	417,288	441,846
Latin America	79,250	66,772
Coconut Oil		
U.S.A.	61,040	54,711
Europe	11,671	10,516
Copra Cake and Meal		
U.S.A.	24,022	40,676
Europe	48,984	31,116
Desiccated Coconut		
U.S.A.	33,472	42,506
Europe	1,069	3,077

Mineral shipments from Philippine ports during the first nine months of 1957 were generally higher than during the same period of last year. The comparison, in long tons of 2240 lbs., was as follows:

	1956	1957
Copper Ore	5,294	29,706
Copper Concentrates	88,906	108,247
Chrome Ore	528,712	513,213
Iron Ore	1,040,230	1,081,006
Lead Concentrates	143	595
Mercury Concentrates	138	98
Manganese Ore	2,000	15,46
Zinc Concentrates	770	1,624

The copper shipments broke down as follows:

	1956	1957
Copper ore, all to Japan	5,294	29,706
Concentrates containing Copper, Gold, Silver, Lead, Zinc, all to U.S.A.	3,832	1,448
Copper Concentrates to U.S.A.	41,676	40,376
Copper Concentrates to Japan	47,230	67,871

Chrome shipments went to the following principal destinations:

	1956	1957
U.S.A.	448,693	345,474
Canada	15,700	15,000
Japan	64,319	107,187
Europe	- nil -	45,397

Logs and sawn lumber shipments from the Philippines, during the January through September period this year and last, totalled:

Logs	583,968,921 Bd. Ft.	550,595,242 Bd. Ft.
or	1,216,516 Long tons	1,147,074 Long tons
Sawn lumber	52,673,536 Bd. Ft.	46,993,662 Bd. Ft.
or	109,736 Long tons	97,903 Long tons

Ports of destination were as follows:

	1956	1957
U.S.A.	26,066,501	23,449,752
Canada	- nil -	59,926
Formosa	10,817,654	15,735,462
Japan	529,592,068	485,051,514
Okinawa	- nil -	390,000
Korea	16,628,990	21,712,019
Europe	693,891	3,650,241
Australia	555,814	290,000
Africa	109,003	256,328
U.S.A.	40,116,550	37,828,374
Canada	440,571	166,795
Hongkong	1,990,064	435,225
Okinawa	3,293,971	3,002,572
Europe	869,099	769,097
Africa	5,920,305	4,791,599

The National Shipyards and Steel Corp. awarded another contract in its procurement program for the planned P180,-000,000 integrated steel mill project in Iligan City. G.H.H., a German firm of steel equipment manufacturers, was given the \$2,700,000 contract to supply a complete oxygen steel-making plant, "one of the newest in the Far East . . . and technically superior to other units of similar design because it utilizes the Brassert Oxygen Technique." The plant is expected to be in operation by mid-1960, provided the dollars to cover the contract are forthcoming from the Central Bank. NASSCO officials are concerned that foreign exchange shortages may seriously slow up the steel program, especially in view of difficulties encountered in securing a \$32,000,000 loan from the U.S. Export-Import Bank.

The fact that the Philippine Government received no bids for the operation of the nickel deposits in the Surigao Mineral Reservation was indication to most observers that the government will either have to offer more attractive terms to prospective private operators or else develop the nickel reserves itself. Provisions that were thought to have scared bidders were those providing that the government should receive quarterly 5% of the gross of 50% of the net profits of the operation, and the fact that an initial outlay of P30,000,000 would be required and an eventual investment of P100,000,000 over the 25-year duration of the contract. Only an act of Congress could revise the validating law, Republic Act 1828, which contains the conditions laid down by the government for development of the nickel beds, estimated to contain 144,500,000 short tons of nickel, molybdenum, cobalt and chromium worth over P11 billion. The deposits are centered in about 5,000 acres of the Nonoc area.

Philippine cement production next year will be able to

supply the entire domestic demand and planned expansion by existing plants is expected to meet the anticipated increased requirements of succeeding years.

During its first five months of operation, Republic Cement showed a net profit of P794,031 out of gross sales totalling P2,127,356 during the period. Since the company placed its product on the market last May there has been a marked improvement in the local cement supply situation and the critical shortage of this important building material has been relieved.

Cebu Portland Cement Co., through the Philippine reparations mission in Tokyo, has concluded a contract with Kobe Steel Works Ltd. for the supply of cement-making machinery and equipment to modernize its plant in Naga, Camarines Sur. Kobe Steel is licensed by Allis-Chalmers of the U.S. to manufacture cement processing equipment conforming to A-C-design, specifications and manufacturing standards. Among the newest design of cement-making equipment to be supplied to Cepco is the A.C.L. system for burning cement clinker. An invention of Dr. O. G. Lellep, this system uses a grate preheater and has been proven to be more efficient than any other system. The average performance in several installations by Lellep licenses all over the world shows lower dust loss, and lower fuel and power consumptions. An A.C.L. grate is only as high as an average kiln feed end housing and no unusual building structure is required. Other equipment to be supplied by Kobe Steel Works are: primary crushing plant, drier, two 900-horsepower dry grinding ball mills and blending system. Allis-Chalmers, one of the largest manufacturers of complete cement plant equipment in the world, is represented in the Philippines by Earnshaws Docks and Honolulu Iron Works.

HONGKONG NOTES AND REPORTS

Building Problems—In spite of ever more buildings rising and HK Govt. pushing ahead with resettlement blocks, medium income group accommodation etc., there prevails a housing shortage due to immigration and high birth rate. A suggestion was to construct somewhere on the Island or in the New Territories one or more satellite towns to house the rising numbers of people but expert opinion discourages such proposals. Hongkong suffers from overpopulation and only reduction of this population can improve the housing situation. Emigration would be the ideal solution but no foreign country is willing to take Chinese as immigrants. Therefore the Chinese from China will have to stay within the borders of their huge country. Unfortunately the local authorities cannot always prevent the illicit immigration of Chinese and thus the housing problem is aggravated. The newcomers are usually without funds and cannot buy a flat but have to dwell in huts and crowd into makeshift cottages. Only people with resources or adequate and regular income can afford to move into new flats.

The cost of housing is rising for the individual as a higher percentage of his income is taken up by rent payment; old-type accommodation, cheaper and poorer, is gradually being changed for new premises, better looking, more expensive and causing tenants more worry to obtain new sources of income. For a superficial observer the building boom here is impressive but the underlying facts are rather depressing. The glitter of so many new tall apartment houses does not conceal the squalor of the squatter areas nor the drabness of the so-called resettlement blocks. While influx of oversea Chinese capital has greatly aided in the construction progress, the rise in population, mainly from

Chinese immigrants, has made it possible. Investments in houses proved by and large profitable thanks to the wholesale purchase of houses, flat by flat, by tenants. Actually the investment by oversea Chinese capital and also by local Chinese real estate companies in European and Chinese type residential accommodation was much smaller than indicated by the official figures of money spent on construction, site formation and compensation to old tenants, because a large percentage of such investment was, before or immediately on completion of the houses, received by the financiers from local residents who purchased portions of the new house. Much of the apartment houses of more or less attractive appearance has been actually constructed from the funds of local residents, and is being owned today by a sector of the HK public. 'Home building' in Hongkong is not of the one family bungalow variety; here the people live vertically owning one flat or half a flat or even only one room in a little skyscraper.

North Point Estate—The West and Centre Courts of the North Point Estate on Java Road built by the Hongkong Authority are now ready for occupation. Construction work on the East Court is still in progress and much work remains to be carried out on the central concourse and roads leading to it. The Estate covers an area of 6½ acres and when completed will have 1,955 flats in eleven-storey blocks providing accommodation for more than 12,000 persons. Rents, exclusive of rates, vary from \$60 to \$138 per month. There will also be an 18-classroom primary school for over 800 pupils, a school health clinic and out-patient clinic and an assembly hall within the estate. The ground floor will be able to accommodate 71 shops. A Post Office will be estab-

blished in the area and there will be a bus terminus and car park; a passenger ferry terminal has also been planned. This estate is the first housing scheme to be completed by the Hongkong Housing Authority which was set up by Government in April 1954 to relieve the local housing shortage. The total cost of the scheme is about \$33,000,000 which has been met by a loan from Government Development Fund. The Authority's second estate at Cadogan Street, Kennedy Town (640 flats) will be completed soon. The third project is to be at So Uk, Shamshuiipo.

Resettlement Estates—The total population of all resettlement estates and areas at the end of September 1957 was 219,620 persons including 75,409 children under 10. The total at the end of June was 216,228. September figures are composed as follows:

Temporary Cottage Areas:

Hongkong	18,498
Kowloon	53,257
Tsuen Wan	3,608
	75,363

Resettlement Estates:

Shek Kip Mei	58,175
Li Cheng Uk	41,566
Tai Hang Tung	38,004
Hung Hom	4,819
Lo Fu Ngam	1,693
	144,257
Total	219,620

Government building programme of resettlement blocks at present includes stage 3 of Shek Kip Mei development plan (9 blocks, 3,850 rooms), Hung Hom Estate (4 blocks, 1,848 rooms), Wong Tai Sin Estate (24 blocks, 12,664 rooms and 108 flats), and Lo Fu Ngam Estate (8 blocks, 1,377 rooms and 70 flats). The first five blocks at Shek Kip Mei were completed in October. Three out of the 4 blocks of Hung Hom Estate are now ready for occupation and construction of the fourth will soon begin. At Wong Tai Sin, construction work on the first two blocks is now in progress. The first five blocks at Lo Fu Ngam were completed recently; the sixth block will soon be ready for occupation.

Refugees in Hongkong—The World Council of Churches, National Catholic Welfare Conference of America and the Aid Refugee Chinese Intellectuals Organization are now accepting new applications from refugees in Hongkong for entry into the United States. Under a new immigration law passed recently in US, 14,565 refugees from Communist countries will be able to enter US. Applications of refugees in HK will be considered in Washington along with those from refugees applying from other parts of the world; there is no fixed quota for any particular area. Applications are only accepted from refugees who because of persecution or fear of persecution on account of race, religion or public opinion, flee from any Communist area and who cannot return. According to a spokesman for the American Consulate General here, final selection of applicants will be based on the elements of hardship endured by the refugee and his family since the time he left the Communist area and up to the time of application. Difficulties encountered in escaping from a Communist dominated area also will be given consideration in the final selection along with elements of persecution endured by the applicant including physical treatment of the refugee by the Communists, whether or not there was a period of confinement or if the refugee served in a Communist forced labour unit. Consideration will be given to applicants' professional or technical abilities, language proficiency and vocational experience. During the past two weeks several thousands of refugees had applied.

No deadline is set, but it is expected that the quota would be filled in a short time.

Chinese refugees in HK are also looking forward to aid from United Nations because the UN Social, Humanitarian and Cultural Committee recently adopted a resolution to urge the General Assembly to help HK to solve its refugee problem. A local English language paper, the Hongkong Tiger Standard, urged the refugees not to take for granted that funds would be forthcoming from UN member states, "for between a well-meaning resolution by a UN committee and the successful collection of donations from member states, there can be considerable delays and many unexpected problems."

Unregistered Doctors—Over 500 unregistered doctors have decided to take part in the proposed Government examination to qualify themselves for registration under the new Medical Practitioners Ordinance. These doctors are mostly graduates of non-British universities and medical colleges in China, Europe, Japan and the United States. Government has also received a petition from a group of 90 unregistered doctors expressing their views on various difficulties of the examination. According to Dr. Graham-Cumming, Acting Director of Medical and Health Services, the test will have to be of a high standard and on the basic knowledge of medicine because "once any of them passes the examination he is free to practise in Hongkong or any other part of the Commonwealth." The examination papers will be set by a London authority and the examination itself will be the responsibility of a certain body in the United Kingdom working in conjunction with Hongkong.

Meanwhile, 60 Chinese medical workers here have applied to work in Taiwan through the Aid Refugee Chinese Intellectuals Organisation. Vacancies exist for about 200 medical workers, including doctors, nurses and laboratory and pharmaceutical technicians. Successful applicants will be employed under the Nationalist Chinese Veterans' Employment Advisory Committee and in addition to free passages for successful candidates and their families, free housing will be provided.

Hongkong Products Exhibition—Construction of stalls and entrance facade for the coming 15th Exhibition of Hongkong Products is nearing completion on the site opposite the Peninsula Hotel. The exhibition (December 4—January 2) is sponsored by the Chinese Manufacturers' Union. On account of the limited space (82,000 square feet which is only about half of that of last year), there will be no international display centre. About 200 exhibitors will participate in the exhibition and new products of the year will be displayed in a special centre. Last year, about 1,100,000 persons visited the exhibition. This figure does not include parties from schools and public organisations nor about 500 foreign traders, mostly from SE Asia. About 1,500 invitation cards have been despatched this year through consular channels to businessmen in various countries.

Macao Grand Prix—About 20,000 local residents went to Macao a fortnight ago to attend the annual motor race. According to Mr. Kyatang Woo, editor of the Hongkong Tiger Standard, Macao picked up between HK\$1 million and \$1 ½ m. from Hongkongites who went there during the weekend. Mr. Woo was disappointed at the inadequate facilities there and he urged businessmen and authorities of this Portuguese city to plough back part of the money to improve the facilities for the annual Big Race and warned, "Unless this is done, the Grand Prix in the forthcoming years would only attract the hardiest of travellers and the most incorrigible fast car addicts."

Travel Now, Pay Later—Local residents can now travel abroad by either ship or plane on an instalment payment plan. A recently established firm—The General and Travel-

lers' Credit Corporation—is financing the operation. Customers will only have to pay 25% of the fare as a deposit and sign a "pay later" application promising to pay the balance in 12 monthly instalments; an interest of about 7% to 12% per annum will be charged. The idea was initiated by the Cathay Pacific Airways and according to CPA's traffic manager, his company does not expect a great profit from the scheme but seeks mainly to offer new facilities to travellers. The scheme has attracted many enquiries and local travel agents and transportation firms have endorsed the idea. The credit company will soon launch a publicity campaign to encourage local residents, particularly those in the middle-income group, to travel first and pay later.

Architects' Society—The one-year-old Hongkong Society of Architects recently adopted a code of professional conduct and scale of charges for architects in Hongkong. The scale of charges for new works adopted is as follows: total cost of executed works up to \$8,000—fee of 10%; from \$8,000 to \$16,000—9½% with minimum of \$800; \$16,000/\$24,000—9% with min. \$1,520; \$24,000/\$32,000—8½%, \$2,160; \$32,000/\$40,000—8%, \$2,720; \$40,000/\$48,000—7½%, \$3,200; \$48,000/\$56,000—7%, \$3,600; \$56,000/\$64,000—6½%, \$3,920; over \$64,000—6%, \$4,160.

Radio Directional Beacon—Government is planning to site a radio directional beacon for the new Kai Tak airport on top of Mount Kellet. The installation of the equipment, which will greatly improve the navigational facilities now available at Kai Tak, will involve the removal of the top 30 feet of Mount Kellet to provide a platform and the construction of an access path up the hill from a point just north of No. 182 Mount Kellet Road, winding round the hill to the north and east. The cutting of the access path and the hill top will be completed within the next few months and the whole project finished in about 6 months.

Hongkong-Macao Ferry—The Hongkong-Macao Ferry Shipping Pool will be dissolved next month. The m.v. Lee Hong, laid up for the past two years according to the pool agreement, will resume plying the HK-Macao run on December 1st. During the past two years, Lee Hong was paid about \$18,000 a month by the pool. No reduction of fares is expected because at present the number of passengers travelling by the ferries is nearly twice the number when the pool agreement was signed two years ago. Three ferries are now plying between the two ports: Takshing, Tai Loy and Fatshan.

Illegal Passages to Singapore—United Press reported from Singapore on November 15th that authorities there had uncovered evidence to show that a big ring is operating in Hongkong offering illegal passages to SE Asia at a price. Recently, four Chinese were arrested in Singapore aboard the Royal Intercean freighter Straat Soenda soon after it had dropped anchor. The stowaways told the Singapore authorities that they had paid HK\$1,500 each to a ring in Hongkong to get them passages aboard a ship to Singapore.

Registration of Newspapers—Seven new newspapers were registered and the registration of five others was cancelled by Government during the third quarter. At the end of September, there were 173 registered newspapers in Hongkong. The number of licensed newspaper distributors remained at 29 and that of news agencies was 24. Seventy-four new books were registered during the quarter.

Pork and Beef—Supplies of live pigs from China continued to improve and in October, retail price for pork dropped from \$3.60 to \$3.40 per catty. Eight shipments of live hogs, totalling 6,142 head, arrived from Cambodia. Supplies of cattle from China also continued plentiful and helped to bring down the retail price for beef in the local market. Supplies from other sources were 1,702 from Thailand and 32 from Cambodia.

FINANCE & COMMERCE

INVESTMENTS IN NORTH AMERICA

By E. Kann

Although the stock markets in both Canada and the United States are not yet out of the rut, losses and gains recently more or less balance each other. Whatever misgivings and suspicions exist amongst operators are not due to a recession, but largely to the fear that softening tendencies might characterize the near future.

That the decline is not due to results of 1957 can clearly be shown by dividends paid during the first nine months of 1957 by American corporations to their shareholders. Proprietors of stock listed on the New York Stock Exchange received a record of \$6,369,739,000 in cash dividends during the first nine months of the current year, which exceeds distributions in the like 1956 period by about 400 million dollars.

Employment still is very good. On the other hand, inventories of oil are excessive and need a very severe winter which requires plenty of fuel oil. Prices of copper, aluminum, zinc and lead continue to be unsatisfactory. The international situation continues very unfavorable. If one adds tax selling, customary toward the close of the year, it is clear that no noteworthy advance in prices is in the offing. There exists a certain minority group which suc-

ceeded in holding its own, namely the drugs; a second category is found amongst cigarette manufacturers. After strong price declines the aircrafts are moving up, for most of these are connected with the production of missiles, the most called-for commodity nowadays.

After all, it must not be forgotten that there was a spectacular advance between 1953 and 1956 (according to Standard & Poor's industrial index) of 135%, and that since July last the stock market has been fighting a rear-guard action. While general business continues fairly active as far as volume is concerned, there undoubtedly exists a profit squeeze, due to severe competition.

The Canadian Market as such disclosed even heavier declines than were witnessed in the United States. Though the over-all activity in Canada remains high by normal standards, general business is levelling off. But it would appear a further major decline is not in the cards. Many people opine that Canadian issues now are extremely cheap, notably the large oils, iron ore, nickel and uranium issues.

Among Canadian stocks the following three (all of them showing a recent price quotation of \$13 a share) give much promise for a near future. Canadian Husky Oil, Gunnar

Mines and Consolidated Denison. The last mentioned concern is the largest uranium mine, situated in Ontario; its mill has a capacity of 6,000 tons per day. Its ore reserves are valued at \$2 billions. It is estimated that 1958 will produce \$3 earnings per share.

Gunnar Mines have large government contracts in uranium, and dividend payments are confidently expected in 1958. Canadian Husky provides a direct oil play in over a million acres freehold rights all over Canada; it also will profit from extensive supply of gas.

The Cement Industry in the United States. The construction of a huge net of motor roads and freeways throughout America, as projected in 1955/56, raises hopes of special significance in connection with the rise in cement stocks. This expectation, though only logical, was not fulfilled, and just the contrary has occurred: quotations from the July highs fell about 28%. This state of affairs was brought about by a combination of factors, as crippling strikes, postponement of work schedules, disputes over proposed land purchases and largely also to higher cost of work, due to unforeseen wage demands, etc. However, 1958 promises to be more lucrative for the cement industry.

In former years the cement industry in USA hardly ever worked at a capacity exceeding 70%. However, excessive demand in recent times induced most of the cement factories to go in for large extension programs, a factor which resulted by now in over-production.

It should be realized that cement is a bulky and heavy commodity selling as low as \$3.20 a barrel. Therefore freight charges must be kept low. Thus, cement production is a local business with a selling radius of usually not more

than 300 miles. This means that the geographical position of cement works is probably the most important determinant of a plant's success. Factories situated in Florida, California, Texas and Arizona are favoured inasmuch as the climate there permits operating the whole year round.

Cement is a basic commodity which has not been improved since the discovery of Portland cement. Being uniform in composition, it does not vary from plant to plant; therefore success is dictated by shipping expenses, operating cost and a satisfied clientele. In the northern states of America snow and frost seriously hamper operations during the winter, while other districts at times are handicapped by heavy rains, which hinder work. From time to time work has to be discontinued owing to necessary repairs and overhaul. Therefore, if the cement industry works at 90% of capacity, it will be an excellent performance.

Present indications are that consumption of cement will rapidly catch up with predicted capacity once the Federal highway program swings into high gear. Enlargements of plants are big enough to see a rise of 25% above 1955 capacity; such enlargements have forced many a company to go into debt, the refund of which will most likely prevent the debtors to increase payment of dividends to shareholders. All the cement producers have asked for higher depletion allowances, and it remains to be seen whether Congress will grant such requests. In the affirmative, the petitioners would obtain noteworthy sums from government sources.

The following tabulation, compiled by Hemphill Noyes & Co., gives a clear picture of actualities prevailing under current conditions:

		Earnings per share			Cash Earnings	Ind. Div.	Recent Price	P/E Ratio	Approx. Yield
		1955	1956	1957 E	1956	1956			
Alpha Portland		\$2.72	\$3.75	\$2.80	\$4.63	\$1.50	27	7.2	8.5%
General Portland				Prospectus Available		2.30	53	—	4.3
Ideal		4.20	4.32	4.00	5.45	2.00	54	12.5	3.8
Lehigh Portland		2.46	2.82	2.10	5.01	1.00	30	10.6	3.3
Lone Star		5.11	2.23	2.00	3.06	1.10	29	13.0	3.8
North American		3.66	3.50	3.50	5.50	.60*	25	7.1	2.4
Penn-Dixie		2.59	2.97	2.15	3.80	1.20**	24	8.1	5.0
Marquette		2.26	2.74	2.85	3.76	1.40	30	10.9	4.7

*—Plus stock dividends of: 5% 1953; 10% 1953, 1954, 1955; 8% 1956; 10% 1957; and a 4-for-3 split in 1955.

**—Plus stock dividends of 5% in 1955 and 1956.

HK EXCHANGE MARKETS

US\$2 1/4 million per day. The D.D. market continued quiet.

	U.S.\$			
	T.T. High	T.T. Low	Notes High	Notes Low
Nov.				
18	\$590	587 1/4	589	585 1/4
19	590	589 1/2	589	587 1/2
20	590 1/2	589 1/4	588 1/4	587 1/4
21	590 1/4	589	588 1/4	587
22	591	589 1/2	588	587 1/2
23	590 1/4	590	588 1/4	587 1/2
D.D. rates: High	589 1/4	Low	586 1/4	

Trading totals: T.T. US\$4,700,000; Notes cash \$480,000, forward \$2,940,000; D.D. \$375,000. The market was quiet with only small change in rates. In the T.T. sector, gold and general importers were good buyers while offers from Japan and South East Asian ports remained steady. In the Notes market, speculative activity was small and demand from shippers weak. Interest for change over favoured sellers and aggregated HK\$5.20 per US\$1,000. Positions taken by speculators averaged

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.79—1.7825, Japan 0.01415—0.0138, Malaya 1.876—1.873, South Vietnam 0.06896—0.06802, Laos 0.065, Cambodia 0.075, Thailand 0.2801—0.2777, Indonesia 0.134—0.1338, India 1.09. Sales: Pesos 270,000, Yen 78 million, Malayan \$310,000, Piastre 8 million, Kip 6 million, Rial 5 million, Baht 4 million, Rupiah 2 million, and Indian Rupees 150,000. **Chinese Exchange:** People's Yuan notes quoted \$1.63—1.26 per Yuan, Taiwan Dollar notes quoted \$0.1625—0.159 per Dollar; remittances, 0.147—0.145.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.53—15.47, Scotland 14.00, Ireland 13.80, Australia 12.67—12.62, New Zealand 14.10, Egypt 9.60—9.30, East Africa 14.50, South Africa 15.40, West Africa 13.50, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus

12.50, Fiji 10.00, India 1.174—1.173, Pakistan 0.80, Ceylon 0.94, Burma 0.57—0.55, Malaya 1.84—1.826, Canada 6.09—6.04, Cuba 5.00, Argentina 0.12, Brazil 0.06, Peru 0.26, Mexico 0.43, Philippines 1.845—1.835, Switzerland 1.355—1.35, West Germany 1.36—1.35, Italy 0.009—0.0088, Belgium 0.105, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.45, France 0.0118—0.0115, South Vietnam 0.0715—0.07, Laos 0.066—0.065, Cambodia 0.076—0.075, New Guinea 1.00, Indonesia 0.139—0.134, Thailand 0.286—0.28, Macau 1.00—0.995, Japan 0.014275—0.01405.

MING TAK BANK

97-C Queen's Road C.

94 Nathan Road

Kai Tak Airport

Gold Market

Nov.	High .945	Low .945	Macau .99
18	\$258½	256½	268 High
19	258½	257½	
20	258½	257½	
21	258	257	
22	258½	257½	
23	258	257½	Low 267½

Opening and closing prices were 258½ and 257%; highest and lowest, 258½/256%. The market was quiet. Interest favoured sellers and aggregated HK\$2.80 per 10 taels of .945 fine. Trading averaged 6,100 taels per day and totalled 36,600 taels for the week, in which 11,690 taels were cash transactions (4,290 taels listed and 7,400 taels arranged). Positions taken by speculators averaged 14,800 taels per day. Imports from Macau amounted to 11,000 taels. One shipment of 54,400 fine ounces reached Macau. Exports totalled 9,500 taels (6,000 taels to Singapore, 2,500 taels to Indonesia, and 1,000 taels to South and North Vietnam). Differences paid for local and Macau .99 fine were HK\$12.70—12.40 and 11.70—11.50 respectively per tael of .945 fine. Cross rates were US\$37.86—37.84 per fine ounce; 40,000 fine ounces were contracted at 37.85 cif Macau. US double eagle old and new coins quoted \$263—262 and \$229—228 respectively per coin, English Sovereigns \$60—58 per coin, and Mexican gold coins \$277—276 per coin.

Silver Market: 500 taels of bar silver traded \$5.85 per tael and 700 dollar coins \$3.70 per coin. Twenty-cent silver coins quoted \$2.85 per five coins.

Money Market was slightly on the tight side on account of the approach of year-end, and the strong demand from real estate operators. Interest rates charged by leading banks remained unchanged at: letters of credit, 6 to 8% p.a.; overdraft and short term loans, 8 to 10% p.a.; mortgages and

long term loans, 10 to 12% p.a. Rates charged by native banks and money lenders were: 12 to 15% p.a. for short term loans; 15 to 18% for long term loans.

HK SHARE MARKET

The market, depressed since the increase in interest rates last September, showed signs of recovery last week. Investors anticipated that following the reduction of the discount rate in US, authorities in UK might also reduce the bank rate there and eventually interest rates here would also be cut. The record lows of many prices reached during the past two weeks also began to attract more buyers. Consequently, Realties, Trams, Telephones, Cements, Amal Kubbers and Textiles advanced steadily during the week. Wharves, Docks and Star Ferries attracted keen buyers but most transactions fell through because sellers wanted better offers. On the other hand, Banks, Union Insurances, Wheellocks, Providents, Lands, Hotels, Yau-matis, Lights, Electrics and Stores failed to retain all the gains after an initial spurt of prices; closing quotations however were better than those of the previous week. Lombards, Nanyangs and Investments were quiet but prices firm.

It seems that the sluggish market is improving. Prices should be firmer because with the exceptions of Textiles and HK Banks most shares are now still at a very low level. Telephones advanced by \$1.10 during the week but the quotation at \$26.40 was still below early November level which was firm above \$27 before the news of possible liquidation by holders in London. Cement finally recovered \$1.60 but at \$24 last week it was still far below mid-year level which was above \$32; full

recovery to \$32 is not likely because exports of HK cement to SE Asia this year could not possibly reach 1956 volume but the fact that competition from Chinese cement has recently eased should stimulate demand for this share.

Dividend—Metal Industries Corporation Limited will pay a dividend of 10 cents per share in respect of the year ended March 1957.

SINGAPORE SHARES

Early in the period (Nov. 9—15) selling pressure ceased but buyers were reluctant to raise bids consequently the total volume of business was small. However, as the week progressed, demand increased and although Rubbers remained irregular, both Industrials and Tins closed firm at higher levels.

A number of Industrials moved higher without any business passing. At the close there were buyers of Gammons at \$2.22½, of Fraser & Neave at \$2.55, of Robinsons at \$1.75, of Straits Times at \$3.80 and of United Engineers at \$1.22½. Singapore Cold Storage after fair business at 90 cents recovered to 95 cents cum the 5% final. Malayan Cement remained unchanged around \$1.42.

There was considerable buying of Rantau around \$1.90 and a fair amount of locking up of Petaling, mostly at \$2.60. Sungei Way announced a 10% final to make 20% for the year and the market closed \$1.40 buyers. Austral Amalgamated were in demand at 13/-, Kuala Lumpur at 37/- cum 3/- and Lower Perak at 15/1½. There was some buying of Takuapa Valley at 15/- in the hope of a take-over by Siamese Tin Syndicate.

London accepted Kamunting Tin at 11/1½ cum the 37% final and also Southern Malayan Tin at 10/2½ cum the 10% final. Meru Tin had a substantial turnover from 2/9 to 2/7. Southern Kinta, for the year ended 31st March, 1957, benefited to the extent of £319,000 from tax concessions as an Overseas Trading Corporation.

The majority of the small turnover in rubbers was in those registered in London. London accepted Selama (Malaya) at 4/5 and Sungei Puntar at 1/8. However, there was more buying from, than selling to, London. There was some demand for Aberfoyle Plantations on the announcement that negotiations for the sale of at least one estate were taking place. Ledang Bahru improved to 3/5 buyers cum the 25% final.

Despite some inquiry for taxable loans, little business eventuated.

TRADE REPORTS

Demand from Korea, Taiwan and SE Asia remained keen for a few popular items of metals, paper, pharmaceuticals and chemicals but short stock here

Share	Nov. 15	Last Week's Rate			Up & Down	Dividend	Estimated Annual Yield (%)
		Highest	Lowest	Closing			
HK Bank	850	875	850 b	870	+\$20	\$50	5.75
Union Ins.	76.50	78	77 b	77	+50c	\$3.40	4.42
Lombard	32.75 n	33 s	32.75 n	33 s	firm	\$2	6.06
Wheellock	6.55	6.70	6.65	6.65	+10c	75c	11.28
HK Wharf	118 s	119 s	117 b	119 s	+\$1	\$6	5.04
HK Dock	51 s	51.50	51	51.50 b	+50c	\$2	3.88
Provident	11.60 s	11.80 s	11.40 b	11.60	firm	\$1	3.62
HK Land	33.50	34	33.50	33.75	+25c	\$3.50	10.37
Realty	1.30	1.425 s	1.35	1.85 b	+5c	15c	11.11
Hotel	14.20	14.90 s	14.40	14.60	+40c	\$1	6.85
Trams	22.30	23	22.80	23	+70c	\$1.70	7.39
Star Ferry	127 s	128 s	127 n	128 s	+\$1	\$9	7.03
Yau-mati	93 s	93.50	92.50	93 b	firm	\$7.50	8.06
Light	17.90	18.50	18.30 b	18.40	+50c	\$1.10	5.98
Electric	26.20	27.40	26.80	27.30	+\$1.10	\$1.80	6.59
Telephone	25.30	26.40	25.60	26.40	+\$1.10	\$1.50	5.68
Cement	22.40 b	24	22.50	24	+\$1.60	\$4	16.67
Dairy Farm	15.80	16.40 s	16	16.20	+40c	\$1.63	10.06
Watson	12.10	12.40	12.20	12.30	+20c	\$1	8.13
Yangtze	5.30 n	5.30	5.25 b	5.30 b	firm	65c	12.26
Allied Inv.	3.75 b	3.80 b	3.75 b	3.80 b	+5c	25c	6.58
HK & FE Inv.	9.90 n	9.90 n	9.50 b	9.50 b	steady	80c	8.42
Amal. Rubber	1.25	1.325 s	1.25	1.325 s	+7½c	28c	21.13
Textile	4.45	4.65	4.40	4.65	+20c	50c	10.72
Nanyang	9.50 s	—	—	9.50 s	steady	\$1	10.53

restricted the volume of entrepot trade. Local dealers refrained from booking heavy replenishments from Japan and other sources because most indents were higher than local market quotations. Furthermore countries in SE Asia, particularly Indonesia, had recently curtailed purchases from here. In the case of China produce, dealers here could not get enough supply from the Mainland to meet demand from Japan and other countries. Trading in the local commodity market last week therefore remained on a steady but limited volume.

During the week, HK cotton textiles met more selling resistance in UK, US and SE Asia while exports of HK cement to Malaya and Singapore remained slow on account of keen competition from Chinese products. Rice and wheat flour retained steady local demand but sugar continued weak under heavy supply.

ENTREPOT TRADE

HK/China Trade—Firm prices in the local metal market discouraged demand from China. Imports of foodstuffs from China remained heavy. There were also paper, glass, maize, herb medicines, embroideries, drawn lace work, tea and woodoil from Canton and other Chinese ports but quantities moderate. Chinese grey cloth continued to provide keen competition in the local market for HK products and imports from Japan. In addition to cotton piece-goods, China shipped here other textiles such as linen and woollen piecegoods. Consignments of cement from Canton however curtailed.

HK/Japan Trade—Exports during the week included 7,000 tons of iron ore, about 300 tons of scrap iron and 200 tons of beans, rosin, green peas and other produce. Demand from Japan was centred chiefly on a few items of staples; there was no order for scrap iron. Imports totalled about 2,000 tons consisting chiefly of cement, cotton textiles, paper, blankets, toys, sundries, fruits, vegetables, sewing machines, chinaware and rayon yarn. Local dealers slowed down booking of supplies from Japan because there were indications that demand from SE Asia might soon decline.

HK/UK Trade—Exports totalling 3,000 tons consisted chiefly of HK manufactures. UK's purchases of China produce from here were on the decline. Orders reached here last week covered napery, shirt, gloves, towel, cotton textiles, plastics products, rubber shoes, frozen prawns, torch and an insignificant quantity of rosin and bamboo cane. Local weaving mills recently received fewer orders from UK for grey cloth probably on account of heavy shipments of this item from China and Japan to UK. Yet, Lancashire manufacturers continued to attack imports of cotton goods from HK; in addition to grey cloth, HK shirts were under fire last week.

HK/Europe Trade—Exports to Europe totalled only about 1,000 tons; produce also constituted a very small portion of the tonnage. Local garments industry reported better demand from Denmark and France for children's clothes and other wearing apparel. Rubber footwear attracted enquiries from Holland last week.

HK/US Trade—Exports of HK cotton textiles to US which began only recently have already attracted unfavourable criticism from American textilemen. Last week an American cotton textile trade spokesman in New York cited imports of Japanese and Hongkong products as contributing in part to the current US textile slump. In reality, HK cotton piecegoods constituted only a very small percentage of exports from here to US. Last week's total tonnage of about 3,000 tons consisted chiefly of torch and batteries, plastics products, graphite, shirts, pyjamas and other silk garments. Imports during the week amounted to only about 1,500 tons but dealers here expect to receive more consignments during the next three weeks before Christmas shopping rush.

HK/Indonesia Trade—Exports slowed down; only about 500 tons. Djakarta's purchases from here last week were limited to some cotton textiles and a few items of paper and metals. Prospects of improvement dull because direct trade between Japan and Indonesia remained active.

HK/Thailand Trade—Bangkok importers remained keen in procuring metals, paper, pharmaceuticals, industrial chemicals and other supplies from here but tight money there handicapped the volume of these purchases. Imports of rice totalled 1,200 tons; there were also consignments of teak, hide and beans from Thailand but quantities not very substantial.

HK/Malaya Trade—Demand from Singapore and Malaya for produce, cotton cloth and cement failed to recover because China was shipping there large consignments of these items direct. Consequently orders reached here from Singapore and Kuala Lumpur covered only moderate quantities of a few items of metals, paints, toilet articles, cosmetics, knitwear and foodstuffs.

HK/Philippines Trade—Manila provided limited demand in the local market for structural steels, sesame, cotton cloth and industrial chemicals. Reports from Manila indicated that authorities there would further cut non-essential imports on account of the drop of international dollar reserves there recently to an all-time low of US\$156.6 million. Manila's intensified drive against 'professional tourists' led to the seizure of 42 rolls of rayon and woollen textiles which were brought there by a Filipino lady traveller from Hongkong as 'personal effects.'

HK/Korea Trade—Seoul importers remained keen on popular items of paper but dealers here failed to exploit

the demand to the full extent, transactions were either handicapped by low buying offer or restricted by short stock. Seoul also enquired for a few items of pharmaceuticals and industrial chemicals but the demand was far from eager.

HK/Taiwan Trade—Demand from Taiwan for metals and chemicals remained selective and many orders fell through because buying offers too low. Imports of tea, feather, ginger, camphor tablets and sugar were steady but consignments of live hogs curtailed. Taipei exporters were also considering to ship cotton yarn and cloth to the local market.

Reports from Taipei revealed that authorities there last week seized another shipment of watches (3,000 pieces) smuggled there from Hongkong on board a Taiwan steamer.

HK/Cambodia Trade—Imports of sesame, maize, bran, live hogs and hide remained steady but exports slowed down possibly due to the change of government structure in Phnom-pen.

HK/Vietnam Trade—Exporters in Saigon offered to supply Hongkong with rice, firewood, charcoal, beans, sea food and sundry provisions; dealers here received many samples last week. Orders from Saigon last week covered small lots of herb medicines, foodstuffs, sundries, torch and metal lanterns; exports totalled about 400 tons. Haiphong shipped here some ginger, sundry provisions and feather but bought nothing from HK.

HK/Burma Trade—Cargo movements between Rangoon and HK slowed down; exports only 500 tons and imports about 300 tons. Spinners here had submitted tenders to Rangoon for the supply of cotton yarn but results were still pending at the end of last week. Reports from Rangoon disclosed that authorities there might further relax control over imports of cotton cloth, foodstuffs, metals; private importers there would be allowed to handle these items which at present are monopolized by state purchasing agents.

HK/Australia Trade—Imports of frozen meat, wheat flour, hide, wines, dairy products, wooltops and woollen yarn amounted to about 1,000 tons. Import of wheat flour will be curtailed in the future because indents advanced too much. Exports slow; consignments last week consisted o. only some wood-oil, camphor products and HK manufactures.

HK/North Borneo Trade—Imports remained heavy; 3,000 tons of timber, rubber and firewood last week. Exports quiet.

HK COMMODITY MARKETS

China Produce—The market was kept active chiefly by demand from Japan for sesame, aniseed star, woodoil, green peas, an' realgar; with the ex-

ception of woodoil, orders were fulfilled chiefly with supply from SE Asia. UK, Europe and other buyers were also interested only in a few items and most orders fell through on account of inadequate supply. New Zealand, Australia and Canada also enquired for woodoil; prices were marked down in line with lower indents but even forwards were difficult to get from China. Rosin also short particularly when orders continued to reach here from UK, Thailand and South Africa. Dried chilli was favoured by Europe; stock dwindled. Other popular items were bamboo cane, walnut meat, teased cake, menthol crystal, camphor products, maize, cassia and citronella oil.

Metals—Demand from China, Taiwan, Thailand and other SE Asian countries kept prices here firm. Interest however was centred only on structural steels, iron pipes, plates and sheets. There was no order from Japan for scraps. Indents from Japan and Europe for many items were marked down on account of lower freight charges but many cif quotations were still above current market prices.

Paper—Demand from Korea covered newsprint, sulphite, tissue cellophane, aluminum foil and duplex board but short stock here particularly of newsprint, sulphite, tissue and duplex board restricted the volume of business. There were also enquiries from Thailand for manifold; from Indonesia for cigarette paper and glassine but low buying offers handicapped transactions. Prices in general were steady but poster and unglazed kraft were depressed slightly by new supplies from China while demand sluggish. Bond and cellophane also registered fractional dips on account of lower indents from Japan and Europe. On the other hand short stock and curtailed supply stimulated prices for straw board, newsprint in reels and tissue.

Pharmaceuticals—The market registered limited volume of business with Thailand buying some sulfathiazole tablets, quinine and saccharine; Korea absorbing small lots of sulfaguanidine powder, aspirin, phenacetin, caffeine alkaloid and amidopyrin; and local pharmaceutical industry consuming insignificant quantities of sulfonamides and other fine chemicals. Prices were steady in general. Penicillin tablets were first depressed by fresh supplies but when low prices attracted speculative buying, quotations recovered. New supply of saccharine from Japan also attracted demand from speculators; prices closed firm.

Industrial Chemicals—Only a few popular items retained demand from Taiwan, Korea and Thailand; these included tartaric acid, boric acid, lead oxide, gum copal and arabic, tanning extract and shellac. The volume of business however was restricted by low stock here. Prices were firm. Local industries absorbed soda ash, petroleum, lithopone, chlorate of potash and

ultramarine blue but consumption limited to small quantities.

Cotton Yarn—Slower local demand, curtailed demand from SE Asia and marked down Japanese and Indian imports depressed the market. HK yarn was comparatively steady. Local spinners who had submitted tenders to Rangoon for the supply of cotton yarn stated that they had quoted very low prices in anticipation of keen competition from Japanese suppliers. Pakistan yarn remained quiet here because increased cost discouraged buying. Japanese yarn eased under fresh supplies while Indian products were further marked down to attract buyers; Korean yarn also forced down slightly during the week.

Cotton Piecegoods—Orders continued to reach here from Indonesia, UK and other countries for HK grey cloth but the volume declined chiefly due to Djakarta's imports of Japanese brands direct and London's purchase of Chinese products from Shanghai. Consequently many small factories here have now curtailed production although larger weavers still have enough orders on hand to keep their looms humming during the next five months. The spot market last week registered only moderate demand from local finishing works for grey cloth of Chinese and Japanese origins; prices depressed. Spot transactions in drill quiet, prices weak.

Rice—Thai rice first eased under fresh arrivals but closed firm on firm indents. Chinese, Cambodian and local rice firm on limited supply.

Wheat Flour—Trading slow. Canadian and US brands eased under lower cost but later turned steady when Australian flour firmed on increased cost and curtailed supply. HK brands steady throughout the week.

Sugar—Taiwan granulated opened steady with demand from Macao but failed to retain the steady trend on account of new arrivals and marked-down indents during second half week. HK products also forced down. On the other hand, Philippine and Indonesian brown sugar firmed on dwindled stock.

Cement—Local demand remained very firm but exports sluggish. Imports from China slowed down and from Japan curtailed. Prices steady.

Woollen Knitting Yarn—Japanese products were depressed to very low prices; one dealer liquidated a large quantity of his stock due to tight money during the week. Dutch and British products remained firm.

HONGKONG COMPANY INCORPORATIONS

Following new limited liability companies were incorporated during the period from September 22 to October

12, 1957; all capital is nominal and in Hongkong Dollars:—

United Dealers—Importers & exporters; etc.; Capital, 210,000; 425 Man Yee Building, Hongkong; Subscribers: Andrew Siu Tak Lam, 176 Des Voeux Road Central, Hongkong, merchant; Liu Wan Fei, 13-15 Jupiter Street, Hongkong, merchant; Lam Hee Kang, 45 Wun Sha Street, Hongkong, merchant; Poon Kam Wan, Shing Woo Road, Hongkong, merchant; Chan Pang Fee, 33 Johnston Road, Hongkong, merchant; Sun Ming Yin, 8 Hillwood Road, Kowloon, merchant. **Tsoi Wing Ting Investment Co.**—To invest in real estate; Capital, 500,000; 5th floor Block 4, Bowen Mansion, Hongkong; Subscribers: Tsoi Chan King Wai, Bowen Mansion, Hongkong; married woman; Tsoi Shau Yick, same address, merchant. **Hong Kong Dyers**—Cotton spinners & dyers; Capital, 10,000; 341 Alexandra House, Hongkong; Subscribers: William Charles Gomersall, 515A The Peak, Hongkong, chartered electrical engineer; Alistair Drummond, 13 Shek O, Hongkong, chartered accountant. **H.A. Jhaveri & Co.**—Exporters & importers; Capital, 500,000; Subscribers: H. A. Jhaveri, 47 Wellington Street, Hongkong, merchant; Haji Ali Juma, same address, merchant. **Yau Lee Land Investment Co.**—Capital, 1,500,000; Subscribers: Louey Ka Young, 2 Osmanthus Road, Kowloon, merchant; Choy Kwan Lok, 2 Osmanthus Road, Kowloon, married woman. **Luen Shing Estates**—Capital, 1,200,000; 229 Prince's Building, Hongkong; Subscribers: Li Hong Chit, 346 King's Road, Hongkong, merchant; Lam Fung Ngor, 52 MacDonnell Road, Hongkong, married woman. **Union Hospital**—Capital, 3 million; 514 Nathan Road, Kowloon; Subscribers: Lam Yu Shing, 514 Nathan Road, Kowloon, medical practitioner; Chan Sing Chue, 229 Nathan Road, Kowloon, medical practitioner. **Lum Fat**—Dress maker; Capital, 100,000; 218 Marina House, Hongkong; Subscribers: Alfred I-Ts Wang, 11 Marble Road, Hongkong, merchant; Lee Ming Nee, 302A Prince Edward Road, Kowloon, merchant. **Miramar Goldsmith**—Capital, 300,000; Subscribers: Yue Poik Hing, 41 Hill Road, Hongkong, merchant; Ho Kam Chau, 181 Kowloon City Road, Kowloon, merchant. **Tai Ping Piece Goods Co.**—Capital, 1 million; 43 Wing On Street, Hongkong; Subscribers: Young See Cheung, 43 Wing On Street, Hongkong, merchant; Fong King, 43 Wing On Street, Hongkong, married woman. **Hemisphere Shipping Co.**—Capital, 1 million; 25A-26, Printing House, Hongkong; Subscribers: Lam Kai, 218 Wanchai Road, Hongkong, merchant; Pai Gam Chuen, 1 Wongnei-chong Road, Hongkong, merchant. **Mandarin Restaurant**—Capital, 200,000; 310 King's Road, Hongkong; Subscribers: Lee Jou Lai, 52 Embassy Court, Hongkong, merchant; Jar Jaze Fong, 7 Fort Street, Hongkong, merchant. **Overseas Land Investment Co.**—Capital, 1,200,000; Subscribers: Jue

Shih Yueh, 14 Tai Hang Road, Hongkong, merchant; Wu Yen Sung, 324 King's Road, Hongkong, merchant. **Harvest Moon Restaurant**—Capital, 500,000; 23 Kennedy Road, Hongkong; Subscribers: Leung Hing Cheung, 514 Queen's Road West, Hongkong, merchant; Leong Hung Fun, 23 Kennedy Road, Hongkong, merchant. **Johnson Enterprises**—Exporters & importers; Capital, 1 million; 158 Wing Lok Street, Hongkong; Subscribers: Keng-ye Chua, 374 Ma Tau Wei Road,

Kowloon, merchant; Yau-lun Leung, 62 Marble Road, Hongkong, merchant. **Mann Yip Development**—To deal in real estate; Capital, 1 million; 406 Bank of Canton Building, Hongkong; Subscribers: Li Shiu Lan, 106 Austin Road, Kowloon, widow; Peter Cheung, 565 Stanley, Hongkong, merchant. **The Chung Hing Frozen Meat Co.**—Capital, 80,000; 102 Queen's Road Central, Hongkong; Subscribers: Chan King Luen, 58A Bonham Strand West, Hongkong, merchant; Chan King Wai, 58A

Bonham Strand West, Hongkong, merchant. **The Oriental Syndicate**—Financiers; Capital, 500,000; 1031/2 Man Yee Building, Hongkong; Subscribers: Kuo Chin Chuen, 83 Tai Po Road, Kowloon, merchant; Koh Ching Hung, 83 Tai Po Road, Kowloon, merchant. **Kwok Chuen Land Investment Co.**—Capital, 600,000; 95 Tung Chau Street, Kowloon; Subscribers: Suen Lee, 38 Ho Man Tin Street, Kowloon, merchant; Suen Yiu Wah, 95 Tung Chau Street, Kowloon, merchant.

HONGKONG TRADE IN OCTOBER AND JAN./OCT. 1957

Hongkong's trade in October further improved: exports valued at \$258.6 million exceeded September's total by \$20.6 million (8.6 per cent), and was \$25.8 million (11.1 per cent) more than October 1956; imports at \$428.3 m increased by \$29.6 m (7.4 per cent) compared with September and by \$46.3 m (12.1 per cent) compared with October 1956. The visible trade deficit of \$170 m was less than in any month so far this year except September.

Trade with North Korea, suspended in August 1950, was resumed during the month and goods to the value of \$32,400 were exported to that country. Compared with September record, exports to Indonesia increased by \$9.5 m and to Malaya by \$8.4 m; the rise in imports was attributable mainly to increased shipments from Japan and China, up by \$21.6 m and \$6.6 m respectively.

Exports during Jan./Oct. 1957 totalling \$2,524.2 m were lower than the total for the same period last year by \$123 m (4.6 per cent) but higher than the record for 1955 by \$481.2 m (23.6 per cent). Imports, valued at \$4,330.9 million, showed an increase of \$540 m (14.2 per cent) over 1956 and \$1,303.2 m (43 per cent) over 1955.

A comparison of trade figures for the first 10 months this year with those for the corresponding period in 1956 reveals following changes. Although exports to Malaya totalling \$303.4 m were \$1.3 m less than last year, Malaya replaced Indonesia as Hongkong's number one buyer. United Kingdom increased purchases from here by \$31.8 m and became the second on the list. Exports to Indonesia dropped by \$165.2 m, and to Thailand \$118.7 m lower. Imports from UK increased by \$141.9 m, and from US by \$132.2 m. Large increases were also recorded in imports from China, Indonesia and Switzerland, up by \$85.8 m, \$68.4 m and \$56.7 m respectively. On the other hand imports from Japan dropped by \$69.9 m, and from Malaya and Brazil fell by \$52.7 m and \$32.4 m respectively.

On the commodity list, items which showed a large increase in export this year included ores and metal scrap, clothing, and medicinal and pharmaceutical products, up by \$38 m, \$28.7 m and \$25 m respectively. Exports of cotton yarn and piecegoods fell by \$72.9 m. Imports of base metals increased by \$86.6 m, and of scientific and controlling instruments (including photographic and optical goods, watches, clocks), ores and metal scrap, non-electrical machinery and fruits and vegetables, up by \$67.7 m, \$48.1 m, \$38 m and \$30.7 m respectively.

The value and volume of trade conducted through the post for October 1957 as reported by traders in their monthly returns received up to November 5, 1957 are as follows:—

Number of returns received 228; despatched 4,582 parcels valued at \$1,167,372; and received 3,419 parcels valued at \$3,902,119.

Exports of Hongkong products—Exports during October amounted to \$71 m (approximately the same as for the previous month) representing 27.5 per cent of Hongkong's total exports for the month and an increase of \$13.3 m (23 per cent) over the corresponding month in 1956. It is encouraging to note that during the month, for the first time, 1,000 square yards of worsted piecegoods and 1,000 lbs. of worsted hosiery yarn, both of local manufacture, were exported to UK.

An analysis of the value of Hongkong products exported during the period January to October 1957 compared with that for the same period last year shows following developments. Total exports in 1957 valued at \$669.7 m were higher by \$21.7 m or 3.4 per cent than in 1956. Exports to Africa, other than British territories and Egypt, registered an increase of \$21.9 m, and to US, Philippines, South Africa and UK, improved by \$18.5 m, \$12.6 m, \$10.6 m and \$9.1 m respectively. Indonesia reduced purchases from \$115.2 m in 1956 to \$76.5 m this year. Large decreases were also recorded in exports to Thailand, British West Africa and Malaya, down by \$10.2 m, \$9.7 m and \$9 m respectively.

Major items of local products exported during the first ten months this year were, in order of importance: cotton piecegoods, cotton yarn, shirt enameware, footwear, electric torch, cotton singlet, embroidered linen, metal lantern, preserved fruits, paints, and towel. The following table shows the monthly exports (in HK\$) of Hongkong products:

	1955	1956	1957
January	55,520,827	66,437,701	75,445,614
February	55,746,108	61,196,008	58,125,414
March	61,586,838	71,223,930	71,896,675
April	54,424,205	72,486,603	61,183,514
May	59,828,499	73,067,924	64,712,655
June	56,898,741	60,984,759	67,096,456
July	58,888,585	60,463,867	68,147,115
August	67,123,882	63,257,507	61,178,595
September	66,557,071	61,106,510	70,880,304
October	61,959,801	57,740,447	71,013,647
Total: ...	598,534,557	647,965,256	669,679,989

Certificates of Origin of all kinds and Imperial Preference Certificates issued during the month totalled 22,130 and covered goods to the declared value of \$74,639,690.

IMPORTS, BY COUNTRIES

Country	October, 1957 HK\$	Jan./Oct. 1957 HK\$	Jan./Oct. 1956 HK\$	Country	October, 1957 HK\$	Jan./Oct. 1957 HK\$	Jan./Oct. 1956 HK\$
Merchandise							
United Kingdom	54,859,505	564,206,912	422,274,160	Venezuela	—	22,770	) 1,070,237
Central African Federation	1,267,085	3,338,309	3,358,371	South America, n.e.s.	36,109	1,382,381	) 30,418,896
East Africa, British	7,947,526	52,422,962	44,029,944	Burma	768,209	15,780,785	840,606,503
South Africa	6,160,433	37,181,157	23,181,345	China	95,373,715	926,434,429	42,835,158
Canada	3,441,103	44,949,596	39,108,552	Taiwan	3,261,708	66,867,380	41,124,064
West Indies, British	—	265,829	194,546	Indonesia	11,856,431	109,511,412	696,576,601
Borneo, British	3,279,715	39,518,140	33,694,803	Japan	83,308,823	626,638,971	11,610,433
Ceylon	340,085	4,687,495	3,305,744	Korea, South	4,212,783	19,137,923	32,635,304
India	6,033,473	76,280,711	45,192,602	Macau	4,179,956	35,686,493	159,091,033
Malaya	8,235,671	81,785,470	134,452,331	Philippines	502,973	17,448,490	29,460,223
Pakistan	5,832,439	83,264,833	89,735,256	Thailand	9,874,397	164,723,140	53,539,672
Australia	6,507,112	97,807,000	74,968,031	Cambodia	3,344,523	49,129,180	4,984,123
New Zealand	235,739	3,996,121	1,929,165	Laos	12,397	436,624	7,136,309
Fiji	4,750	99,807	) 6,394,362	Vietnam, North	591,661	18,520,217	3,692,193
Oceania, British, n.e.s.	29,291	1,395,566	) 10,506,897	Vietnam, South	50,770	10,105,353	46,947,249
Mauritius	228,000	771,068	) 326,289	Middle & Near East	5,806,680	12,926,152	7,100
Mediterranean Territories, Br.	—	10,309	) 756,846	Asia, n.e.s.	—	4,888,596	14,916,754
Aden	22,046	256,511	) 177,098	Austria	1,015,353	103,055,164	91,058,655
British Commonwealth, n.e.s.	—	10,506,897	) 6,086,347	Belgium	804,930	7,127,674	3,615,562
Egypt	—	6,086,347	) 1,731,738	Denmark	—	13,191,226	101,653,460
Belgian Congo	33,210	326,289	) 7,198	France	2,162,776	133,900,383	35,525,521
North Africa, French	—	) 1,731,738	) 474,151	Germany, West	6,707,875	55,100,404	66,438,828
Equatorial & West Africa, Fr.	4,839	4,839	) 10,506,897	Italy	6,879,175	11,645,143	16,010,850
Madagascar	5,250	60,541	) 1,098,414	Netherlands	824,852	22,592,941	104,923,765
Africa, n.e.s.	326,729	1,098,414	) 464,406,501	Sweden	1,065,656	161,587,106	2,707
U.S.A.	40,863,702	464,406,501	332,247,388	Switzerland	17,806,294	2,707	2,840,216
Cuba	—	101,473	) 2,130,277	U.S.S.R.	—	8,153,055	) 10,935,842
Haiti	—	—	) 22,925	Czechoslovakia	309,805	973,176	9,227,929
Mexico	22,925	25,565	) 2,130,277	Europe, East, n.e.s.	474,151	973,176	187,486
Central America, n.e.s.	1,400	193,950	) 19,524,577	Europe, n.e.s.	973,176	11,165,246	485,898
Argentina	111,581	4,018,517	) 51,951,907	United States	—	28,748	115,999
Brazil	2,035,687	19,524,577	51,951,907	Oceania, n.e.s.	178,905	570,617	414,779,396
				Total Merchandise	428,321,949	4,330,925,750	3,790,919,313
				Total Gold and Specie	34,355,201	338,046,673	4,205,698,709
				Grand Total	462,677,150	4,668,972,423	

EXPORTS, BY COUNTRIES

Country	October, 1957 HK\$	Jan./Oct. 1957 HK\$	Jan./Oct. 1956 HK\$	Country	October, 1957 HK\$	Jan./Oct. 1957 HK\$	Jan./Oct. 1956 HK\$
Merchandise							
United Kingdom	31,078,124	276,184,342	244,382,522	Fiji	318,620	2,386,850	) 6,285,389
Central African Federation	1,134,270	13,160,543	11,705,814	Oceania, British, n.e.s.	37,221	1,670,232	) 2,128,372
East Africa, British	2,580,911	26,459,056	26,504,467	Mauritius	801,764	4,556,125	) 46,653,168
South Africa	4,109,803	38,041,457	23,551,113	Mediterranean Territories, Br.	516,057	6,216,753	) 19,064,321
Nigeria	3,472,997	23,716,905	) 19,128,952	Aden	897,373	7,807,475)
West Africa, British, n.e.s.	1,609,530	19,128,952	53,308,249	British Commonwealth, n.e.s.	59,410	206,753)
Canada	3,032,305	34,945,754	24,368,984	Egypt	1,319	204,621)
West Indies, British	2,709,124	20,054,651	16,600,271	Belgian Congo	912,101	11,860,734)
Borneo, British	3,239,707	32,412,566	39,963,764	North Africa, French	59,715	2,157,341)
Ceylon	1,882,726	13,377,932	12,637,711	Equatorial & West Africa, Fr.	4,755,559	32,304,304)
India	714,624	11,727,565	17,970,139	Fr.	290,190	4,556,275)
Malaya	32,708,448	303,378,027	304,697,974	Madagascar	2,378,976	25,319,304)
Pakistan	455,371	3,240,961	4,624,529	Africa, n.e.s.	—	—)
Australia	8,134,673	53,864,743	47,283,478)
New Zealand	1,884,997	14,346,428	13,292,553)

Country	October, 1957 HK\$	Jan./Oct. 1957 HK\$	Jan./Oct. 1956 HK\$	Country	October, 1957 HK\$	Jan./Oct. 1957 HK\$	Jan./Oct. 1956 HK\$
U.S.A.	19,976,813	157,148,102	91,022,887	Middle & Near East	2,920,220	25,919,853	28,643,198
Cuba	317,349	4,148,775)		Asia, n.e.s.	373,232	1,770,091	3,011,108
Haiti	109,827	913,031)		Austria	—	67,555	54,078
Mexico	165,775	2,191,519)	24,146,565	Belgium	1,392,990	13,020,683	9,276,365
Central America, n.e.s.	3,404,006	25,877,392)		Denmark	339,564	4,245,616	4,047,456
Argentina	68,419	393,060	381,813	France	387,152	11,715,573	18,164,628
Brazil	43,533	823,838	387,302	Germany, West	3,308,048	34,943,863	32,398,046
Venezuela	1,542,574	10,701,809)		Italy	632,306	7,854,173	7,975,067
South America, n.e.s.	1,308,074	9,549,766)	18,451,358	Netherlands	1,166,864	15,709,661	20,906,831
Burma	5,123,042	42,805,563	21,198,500	Norway	1,219,655	7,587,377	5,462,624
China	8,547,545	104,828,380	103,802,571	Sweden	761,829	8,346,205	4,968,659
Taiwan	5,049,806	49,483,181	38,998,872	Switzerland	359,440	2,722,289	3,118,737
Indonesia	29,764,319	275,347,074	440,517,820	Europe, n.e.s.	126,317	2,221,443	2,484,532
Japan	5,827,369	212,345,304	235,098,178	United States	2,412,786	25,364,406	25,962,645
Korea, North	32,400	32,400	—	Oceania	1,503,547	11,185,338	8,649,732
Korea, South	7,738,105	57,765,352	105,783,040	Total Merchandise	258,625,912	2,524,174,995	2,647,223,463
Macau	5,836,185	54,938,752	46,608,757	Total Gold and Specie	41,196,400	346,062,948	422,503,888
Philippines	5,866,358	60,160,676	38,181,603	Grand Total	299,822,312	2,870,237,943	3,069,727,351
Thailand	15,851,603	152,585,629	271,285,354				
Cambodia	2,989,404	38,342,530)					
Laos	10,367,170	52,534,494	121,212,319				
Vietnam, North	983,663	25,281,011)					
Vietnam, South	1,032,708	30,016,582)					

IMPORTS, BY DIVISIONS

Division	October, 1957 HK\$	Jan./Oct., 1957 HK\$	Jan./Oct., 1956 HK\$
Live animals	17,741,163	143,705,020	138,526,068
Meat & preparations	4,746,376	54,671,534	31,263,279
Dairy products	7,535,925	86,543,410	73,403,432
Fish & preparations	8,991,870	74,974,950	68,102,428
Cereals	14,960,766	249,675,411	232,838,104
Fruits, vegetables	19,993,982	191,374,003	160,633,212
Sugar & preparations	5,704,452	82,752,006	68,065,603
Coffee, tea, cocoa, spices	5,717,943	48,590,932	40,839,203
Feeding stuffs	501,984	7,447,059	7,345,110
Miscellaneous food	2,977,401	31,252,060	26,242,121
Beverages	2,860,331	27,588,031	22,522,941
Tobacco & manufactures	8,367,443	61,817,909	48,659,393
Hides, skins, furs (undressed)	1,223,230	12,479,582	12,248,708
Oil seeds, nuts	2,871,645	28,755,205	35,732,467
Crude rubber (including synthetic)	1,306,105	14,969,887	18,072,713
Wood, lumber, cork	5,552,084	62,937,994	56,389,294
Pulp, waste paper	519	2,908,551	2,309,549
Textile fibres & waste	16,411,874	268,103,255	259,181,111
Crude fertilisers & minerals	698,762	8,433,021	7,063,192
Ores, metal scrap	550,671	59,112,126	10,981,956
Animal & vegetable crude materials	13,305,817	156,301,353	146,579,091
Mineral fuels, lubricants, related materials	16,606,326	179,135,439	173,111,169
Animal & vegetable oils (not essential oils), fats, greases, derivatives	8,689,351	69,670,953	66,907,241
Chemical elements & compounds	4,291,717	45,171,699	35,086,955
Mineral tar, crude chemicals	2,164	325,692	1,251,555
Dyeing, tanning & colouring materials	4,054,380	41,717,788	33,577,667
Medicinal & pharmaceutical products	9,560,517	67,906,200	41,784,886
Perfume materials, cleansing preparations	3,620,117	37,232,247	38,074,966
Fertilizers (manufactured)	289,410	7,357,569	35,727,265
Explosives, miscellaneous chemicals	6,710,224	69,077,765	48,353,589
Leather & manufactures, dressed furs	2,015,056	21,289,649	17,010,592
Rubber manufactures	808,527	11,287,399	15,872,370
Wood & cork manufactures	804,885	10,022,058	9,036,954
Paper, paperboard & manufactures	9,131,950	111,407,309	96,938,306
Textile yarn, fabrics, made-up articles	108,208,859	780,134,515	778,866,922
Non-metallic mineral manufactures	6,999,853	79,352,182	76,342,521
Silver, platinum, gems, jewellery	9,013,192	80,505,280	76,295,235
Base metals	14,907,031	303,970,648	217,379,412
Manufactures of metals	4,300,321	56,912,737	51,355,348
Machinery other than electric	19,113,558	143,435,334	105,430,581
Electric machinery & appliances	8,344,756	82,013,686	68,435,421
Transport equipment	8,011,244	94,692,131	71,439,741

Division		October, 1957	Jan./Oct., 1957	Jan./Oct., 1956
		HK\$	HK\$	HK\$
Prefabricated buildings; plumbing, heating & lighting fittings	....	1,015,059	11,184,908	11,753,087
Furniture, fixtures	....	572,631	4,167,707	3,098,798
Travel goods	....	323,697	2,507,201	1,984,214
Clothing	....	7,590,936	49,611,469	33,983,982
Footwear	....	1,062,073	8,148,652	3,485,626
Scientific instruments; photographic & optical goods; watches, clocks	....	21,359,317	198,422,611	130,712,137
Miscellaneous manufactures	....	8,873,306	89,294,520	80,432,142
Live animals (not for food)	....	21,149	486,103	191,656
Gold, specie	....	34,355,201	338,046,673	414,779,396
Total:	....	462,677,150	4,668,972,423	4,205,698,709

EXPORTS, BY DIVISIONS

Division		October, 1957	Jan./Oct., 1957	Jan./Oct., 1956
		HK\$	HK\$	HK\$
Live animals	....	88,251	794,484	227,020
Meat & preparations	....	651,001	7,188,904	6,657,476
Dairy products	....	941,600	11,587,705	13,859,586
Fish & preparations	....	2,724,444	25,547,468	20,704,418
Cereals & preparations	....	3,693,317	34,843,431	43,545,270
Fruits, vegetables	....	7,803,080	99,280,977	93,611,296
Sugar & preparations	....	5,072,147	50,300,357	34,430,081
Coffee, tea, cocoa, spices	....	2,933,495	24,911,819	23,017,095
Feeding stuffs	....	241,166	1,982,131	2,353,538
Miscellaneous food	....	3,120,496	26,504,270	25,885,364
Beverages	....	972,642	9,424,254	10,281,424
Tobacco & manufactures	....	656,023	7,958,629	6,604,452
Hides, skins, furs (undressed)	....	704,884	9,396,461	13,313,227
Oil seeds, nuts	....	810,555	15,376,874	36,943,837
Crude rubber (including synthetic)	....	204,188	1,922,271	336,909
Wood, lumber, cork	....	1,203,305	8,822,607	7,045,630
Pulp, waste paper	....	97,755	2,116,956	1,535,462
Textile fibres & waste	....	868,638	64,107,484	71,461,431
Crude fertilisers & minerals	....	234,536	3,525,538	3,694,695
Ores, metal scrap	....	1,761,859	87,747,969	49,742,821
Animal & vegetable crude materials	....	7,505,483	96,972,950	123,308,079
Mineral fuels, lubricants, related materials	....	342,666	4,728,192	20,581,289
Animal & vegetable oils (not essential oils), fats, greases, derivatives	....	4,596,862	35,005,710	30,555,954
Chemical elements & compounds	....	1,119,487	16,156,882	12,367,330
Mineral tar, crude chemicals	....	225	147,365	696,816
Dyeing, tanning & colouring materials	....	5,108,949	39,452,755	43,393,785
Medicinal & pharmaceutical products	....	8,702,426	64,978,368	39,959,054
Perfume materials, cleansing preparations	....	1,494,208	19,756,757	21,499,900
Fertilizers (manufactured)	....	95,890	7,592,764	35,321,718
Explosives, miscellaneous chemicals	....	2,386,349	18,628,288	16,189,087
Leather & manufactures, dressed furs	....	166,786	1,547,866	2,249,426
Rubber manufactures	....	507,332	4,054,741	9,963,233
Wood & cork manufactures	....	398,045	3,967,360	3,400,474
Paper, paperboard & manufactures	....	4,388,193	43,644,747	60,091,411
Textile yarn, fabrics, made-up articles	....	82,587,782	623,929,321	696,872,420
Non-metallic mineral manufactures	....	2,698,984	34,443,819	44,708,237
Silver, platinum, gems, jewellery	....	2,973,711	24,707,019	28,595,755
Base metals	....	3,870,271	97,224,148	95,481,615
Manufactures of metals	....	10,587,165	101,039,921	111,485,460
Machinery other than electric	....	3,614,585	27,962,158	44,272,988
Electric machinery & appliances	....	3,446,770	30,043,477	31,721,905
Transport equipment	....	1,504,534	30,003,659	27,577,791
Prefabricated buildings; plumbing, heating & lighting fittings	....	5,041,074	57,315,327	66,357,874
Furniture, fixtures	....	2,481,807	29,801,585	27,282,211
Travel goods	....	1,832,342	14,422,149	14,770,672
Clothing	....	40,115,496	362,581,441	333,918,437
Footwear	....	5,868,599	58,483,361	69,671,240
Scientific instruments; photographic & optical goods; watches, clocks	....	3,762,940	31,843,499	34,412,003
Miscellaneous manufactures	....	16,551,139	149,768,437	134,827,213
Live animals (not for food)	....	92,430	630,340	459,054
Gold, specie	....	41,196,400	346,062,948	422,503,888
Total:	....	299,822,312	2,870,237,943	3,069,727,351

HONGKONG PRODUCTS
EXPORTS, BY COUNTRIES

Country	October, 1957	Jan.-Oct. 1957	Jan.-Oct. 1956	Country	October, 1957	Jan.-Oct. 1957	Jan.-Oct. 1956
	HK\$	HK\$	HK\$		HK\$	HK\$	HK\$
United Kingdom	17,249,722	142,242,900	133,103,289	Germany, West	586,591	4,843,840	1,904,798
Central African Federation	592,747	4,906,960	4,513,211	Italy	162,413	814,037	528,507
East Africa, British ..	1,580,225	15,679,514	15,526,224	Netherlands	202,912	1,930,667	2,798,487
South Africa	2,598,557	25,006,732	14,374,023	Norway	344,613	1,594,688	456,793
Nigeria	2,773,289	16,991,067)	36,586,413)	Sweden	190,646	1,725,399	1,240,224
West Africa, British, n.e.s.	859,862	9,931,236)	2,406,600)	Switzerland	17,487	262,074	229,921
Canada	837,675	9,265,055	5,821,634	Europe, n.e.s.	31,418	415,660	472,793
West Indies, British ..	1,142,158	9,704,474	7,233,152	United States			
Borneo, British	841,760	8,629,823	10,335,823	Oceania	234,214	3,029,580	2,613,944
Ceylon	350,679	4,336,710	3,479,648	Oceania, n.e.s.	499,423	3,868,735	2,853,406
India	93,989	1,502,319	5,075,652	Total	71,013,647	669,679,989	647,965,256
Malaya	6,692,351	64,049,380	73,020,786				
Pakistan	195,095	859,746	1,456,984				
Australia	1,926,311	18,361,925	15,918,894				
New Zealand	635,637	5,003,763	4,781,801				
Fiji	118,187	1,031,914)	2,406,600)				
Oceania, British, n.e.s.	12,404	577,029)	2,406,600)				
Mauritius	355,608	2,150,156)	2,406,600)				
Mediterranean Territories, Br.	320,044	3,533,436)	9,145,524				
Aden	354,609	3,327,874)	9,145,524				
British Commonwealth, n.e.s.	23,944	75,342)	277,439				
Egypt	—	—	277,439				
Belgian Congo	385,593	5,705,641)	—				
North Africa, French Equatorial & West Africa, Fr.	27,073	1,543,116)	—				
Madagascar	3,922,633	25,318,365)	25,294,203				
Africa, n.e.s.	140,755	2,189,457)	—				
U.S.A.	1,145,692	12,467,741)	—				
Cuba	3,911,437	34,309,182	15,836,443				
Haiti	112,195	1,605,665)	—				
Mexico	64,443	647,177)	—				
Central America, n.e.s.	36,947	1,414,839)	9,760,842				
Argentina	1,203,930	10,362,476)	—				
Brazil	42,753	87,047	4,187				
Venezuela	35,612	204,951	14,622				
South America, n.e.s.	821,874	6,192,212)	9,426,670				
Burma	556,163	4,835,284)	—				
China	420,556	11,301,801	1,870,832				
Taiwan	—	2,454,350	2,491,264				
Indonesia	27,736	931,242	1,283,134				
Japan	3,766,070	76,499,288	115,240,803				
Korea, South	176,831	3,838,811	7,319,718				
Macau	10,863	200,448	4,444,628				
Philippines	518,742	4,986,693	3,882,007				
Thailand	3,601,004	32,200,054	19,593,511				
Cambodia	2,600,351	29,125,463	39,333,933				
Laos	242,176	4,937,289)	—				
Vietnam, North	3,875,667	17,013,291)	20,986,976				
Vietnam, South	—	20,960)	—				
Middle & Near East	140,646	1,132,434)	—				
Asia, n.e.s.	953,304	8,275,911	9,962,301				
Austria	148,081	873,969	1,868,049				
Belgium	—	1,504	408				
Denmark	144,140	1,417,481	1,440,265				
France	155,775	1,523,504	1,235,614				
	35	410,308	518,926				
				Total	71,013,647	669,679,989	647,965,256